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NEWS SUMMARY

GENERAL

Nuclear warheads 'on Soviet submarine'

Swedish Premier Thorbjoern Faelldin yesterday said the Soviet submarine which ran aground in Swedish water was "in all probability" carrying nuclear weapons.

Technicians have examined the hull of the submarine and taken radioactive readings. Sweden yesterday delivered a sharply worded protest to the Soviet Ambassador in Stockholm. Page 2

Doctor cleared

Child specialist Dr Leonard Arthur was cleared of the attempted murder of a three-day-old mongol boy rejected by his parents. Editorial Comment, Page 22

Haig contradicted

U.S. Defence Secretary denied Secretary of State Alexander Haig's claim that Nato would fire a nuclear warning shot if Soviet forces invaded Europe. Page 3

Princess pregnant

The Princess of Wales is expecting a baby in June, Buckingham Palace announced. The baby will be the second in line to the throne.

South Bank plan

The Government is to pave the way for a £90m Arab-financed scheme to redevelop a 12 acre site on London's South Bank. Back Page

Summit hopes

A form of Anglo-Irish council is expected to be established after today's talks between Mrs Thatcher and Irish Premier Dr FitzGerald. Back Page

Healey defiance

Labour deputy leader Denis Healey, defying conference decisions, reaffirmed his commitment to multilateral nuclear disarmament. Page 10

Cheap car kit

The Consumers' Association issued an "action kit" offering a step-by-step guide to importing cheap cars from the Continent. Page 7

UK condemned

Britain was condemned in the European court of human rights because a man was refused a speedy appeal after being confined in a mental hospital.

Deng attack

Chinese leader Deng Xiaoping, claiming to derive his authority from Chairman Mao, launched a firce attack on corrupt party bureaucrats. Page 4

Airlift 'unlawful'

Labour MP said the helicopter airlift from the picketed Manchester engineering plant breached air regulations for urban areas. Page 11

Crash charges

Arsenal football star Alan Sunderland may be charged following a car accident in which two poeple died, police told an inquest.

Shuttle oil change

Cape Canaveral said contaminated oil, which had not been changed for a million miles, prevented the Space Shuttle making its second flight.

Briefly . . .

Zimbabwe's Health Minister Simon Mazorodze, 47, died of a heart attack.

Half-ton bomb was netted by a trawler off the Suffolk coast.

Welsh miner recently back from the Continent died from Legionnaire's disease.

BUSINESS

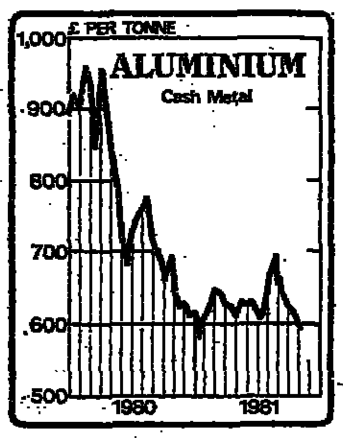
Equities up 9.8; $ in late recovery

● EQUITIES regained momentum. The FT 30-share index crossed the 500 mark for the first time since September 22, rising 9.8 to 504.3. Page 40

● GILTS were influenced by easier U.S. interest rates. The Government Securities index rose 0.29 to 62.16. Page 40

● DOLLAR had a strong late recovery. Its trade-weighted index was unchanged at 107. The currency rose to DM 2.225 (DM 2.211), FFr 5.61 (FFr 5.572), SwFr 1.795 (SwFr 1.787) and Y228.5 (Y227.3). Page 33

● STERLING trade-weighted index rose from 88.8 to 89. It closed 60 points down at $1.872, and eased to Y427 (Y427.5). It improved to DM 4.165 (DM 4.155). FFr 10.53 (FFr 10.465) and SwFr 3.36 (SwFr 3.3575). Page 33



● ALUMINIUM fell £1.50 a tonne on the London Metal Exchange, after falling £6 a tonne the previous day. The market closed at £592 for cash metal. Page 39

● GOLD fell $2 to $429.25 in London. In New York the Comex November close was $428.5. Page 33

● WALL STREET was down 1.81 at 865.01 near the close. Page 38

● PUBLIC SECTOR borrowed £2.2bn from July to September. Back Page

● SOVIET UNION drew $1.9bn (£1.01bn) on its Western bank deposits in the second quarter. Back Page

● FRENCH Government is considering a selective relaxation of exchange control regulations for importers.

● LOCKHEED may end production of its TriStar airliner. Page 6

● CANADIAN Imperial Bank of Commerce will cut its prime rate to 19½ per cent from 20 per cent on Monday.

● NIPPON OIL, largest Japanese oil concern, reported an operating loss of Y12.92bn (£30.25m) in the six months to September 30, against profits of Y75.04bn. Page 32

● P & O, Britain's biggest shipping company, saw shares sharply up on rumours of possible bid approaches. Back Page

● GUINNESS Peat Group's Chicago commodity operations have lost more than expected. Back Page and Lex

● COURTAULDS and Commonwealth Corporation are selling a jointly-owned Swaziland pulp mill to Mondi Paper, a subsidiary of the Anglo-American Industrial Corporation, for R110m (£61m). Page 25; Lex, Back Page

● BANK OF IRELAND'S pre-tax profits jumped from I£0.2m to I£8.7m on a current cost basis for the six months to September 30. Page 24

● CAPPER NEILL, engineers, saw taxable profits slip from £1.77m to £1.61m in the six months to September 30 Page 28

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Treas 12pc '86	£87⅞xd	+ ⅜
Treas 12½pc 1992	£87¼	+ ⅜
Barclays Bank	435	+ 15
British Aerospace	196	+ 11
Burton	119	+ 10
City Offices	91	+ 8
GEC	725	+ 10
Glasgow	60	+ 8
Hammerson A	630	+ 10
Hepworth (J.)	98	+ 6
Imperial Group	64	+ 4
Jarvis Thomson	277	+ 32
Jessups	26	+ 4
Martin (R. P.)	345	+ 20
Mercantile House	475	+ 40
Metal Box	148	+ 4
NatWest Bank	395	+ 15
Ocean Transport	114	+ 12
P & O Dfd	137	+ 21
Plessey	330	+ 8
Ropner A.	188	+ 8
Royal Bk Scotland	168	+ 6
Simon Eng.	380	+ 7
Smith (W. H.) A	170	+ 9
Tecalemit	45	+ 5
Unilever	627	+ 12
Westland	109	+ 5
Whitbread A	156	+ 5
Whittingham	120	+ 8
Shell Trans	392	+ 8
Tricentrol	282	+ 14
Ashton Mining	95	+ 4
Bond Crpn	154	+ 8
North Kalgurli	82	+ 4
RTZ	483	+ 15
FALLS		
Assd Comms A	57	− 4
Kwik-Fit	62	− 7
Pawson (W. L.)	9	− 2½
Wace	10	− 3
Manguls MTD	36	− 4

Saudis urge Israel to join talks on Fahd proposals

BY RICHARD JOHNS, MIDDLE EAST EDITOR, IN RIYADH

SAUDI ARABIA challenged Israel yesterday to enter negotiations on a comprehensive Middle East peace settlement, under international auspices, on the basis of the eight-point peace plan of Crown Prince Fahd of Saudi Arabia.

Prince Saud al Feisal, the Saudi Foreign Minister, made clear yesterday that the plan's seventh point, "all states in the region should be able to live in peace," applied to Israel, if and when a peace agreement involving the Palestinians was concluded.

Lord Carrington, the Foreign Secretary and President of the EEC Council of Ministers, speaking after his talks with Prince Saud in Riyadh on Wednesday, expressed his "firm conviction" that this was the correct interpretation of the Saudi plan.

Prince Saud's confirmation of Saudi Arabia's conditional willingness to recognise Israel's right to exist was somewhat convoluted.

But obliquely he went further, saying: "There would not be any negotiations between Palestine and Israel unless they mutually recognised each other."

His statement seemed to have added significance because of the visit to Riyadh by Mr Yasser Arafat, chairman of the Palestine Liberation Organisation, earlier this week.

Saudi Arabia is evidently making a determined bid to bring about a U.S. conversion to a new approach to a Middle East settlement, and in particular a solution to the Palestinian problem in place of the framework provided by the Camp David peace accord of 1978, between Israel, Egypt and the U.S.

The Saudi leadership appears to have strengthened its convictions about the Fahd initiative following the identity of views achieved on the discussions with Lord Carrington, who was in Riyadh in his EEC capacity.

Having sought and received clarification of the Saudi peace principles, Lord Carrington expressed the opinion that they would increase the possibility of obtaining a negotiated peace settlement.

At the same time he was careful to emphasise that "the details of the plan we do not necessarily agree with."

He seemed anxious that the Israeli Government should not be driven further into a corner of intransigence and defiance by too wholehearted EEC approval of Crown Prince Fahd's package.

Asked about Israel's objection to the lack of any specific reference to the Jewish State, Prince Saud replied: "The reason they reject it [the plan] is because they do not want peace."

Nevertheless he offered it as the basis for negotiation.

Saudi Arabia had "very high hopes" that this month's Arab summit in Fez, Morocco, due to start on November 27, would endorse the eight principles, Prince Saud said. The aim was to win unanimous agreement.

Saudi confidence, he confirmed, was derived largely from Palestinian Arab support for the plan.

Its adoption by Arab leaders would give "a very solid basis" for the proposals. If such backing was given, his Government would look for a "more positive response" from the U.S.

If the Arab summit endorsed the plan, the Heads of State would then have to decide whether to canvass support for a new UN resolution giving expression to the principles and propose a framework for negotiations.

Prince Saud indicated that his Government was in favour of a UN resolution and calling of an international conference under the auspices of the UN Security Council to discuss a Middle East peace.

BRITISH participation in the Sinai peacekeeping force next year was cast into serious doubt yesterday. Mr Menahem Begin, the Israeli Premier, warned that Israel would not agree to accept British troops if Lord Carrington continued to express doubts about the Camp David peace accords, David Lennon writes.

Israel accused of planning takeover in Hebron, Page 4

Offer to water workers breaches pay guideline

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE National Water Council has followed the coal board in making a pay offer which considerably exceeds the Government's 4 per cent guideline set for the public services. It has offered its 32,000 manual workers 6.5 per cent.

This is further evidence that, as last year, a "two-tier" system of wage bargaining is emerging in the public sector. Powerful groups in key utilities can expect higher offers and higher settlements than local authority workers and civil servants.

Like the offer to the mineworkers, the water council's opening gambit was swiftly rejected by representatives of the four unions in the industry.

Mr Eddie Newall, the national officer of the industry's biggest union, the General and Municipal Workers, said the employers would have to consider carefully the unions' claim for an increase in line with inflation, and for a better position in the wages league.

He said workers in gas and electricity earned on average £20 more a week than water workers. "We are saying that the membership will never accept that they are in their rightful place in the earnings league."

Mr Ron Keating, assistant general secretary of the National Union of Public Employees, described the offer as a "damp squib." He added: "We did not come here to negotiate a reduction in our members' living standards."

The offer would raise basic rates, which range from £71.70 to £78 a week, by between £4.80 and £5.30, with consequential increases in shift allowance.

The offer confirms that water workers are now seen to have broken their links with the local authority manual workers, with whom they were once aligned. However, the union officials made it clear yesterday that they were concerned to erode the differential between waterworkers and their members in other utilities.

The two sides meet again in two weeks, when it is expected that the offer will be improved. However, pay talks last year went badly astray when the water council came to the second meeting and announced that its first offer of 7.9 per cent was also its last. The offer was eventually improved in two stages to 12.3 per cent.

Trudeau wins support for changes

BY JIM RUSK IN OTTAWA

MR PIERRE TRUDEAU, the Canadian Prime Minister, yesterday won the support of nine of Canada's 10 provincial premiers for a compromise settling the year-long dispute about how to make the country master of its own constitution.

After more than two days of confusing bargaining, only Mr Rene Levesque of Quebec stood out against Mr Trudeau

The compromise retains the three elements of Mr Trudeau's plan of October 1980. The British Parliament will be asked to relinquish its remaining prerogative to make certain basic amendments to the Canadian constitution, the British North America Act of 1867; it will also be asked to approve a Charter (or Bill) of Rights for Canada and a formula for future amendments to be carried out exclusively in Canada.

Support of nine premiers should satisfy the views of both the Supreme Court of Canada and the foreign affairs committee of the House of Commons in Westminster that so sweeping a change required a broad measure of provincial agreement. Mr Levesque, for his part, will not easily acquiesce.

The principle of ending Westminster's prerogative was not in dispute during the hard bargaining sessions in Ottawa. But to reach the compromise Mr Trudeau allowed his Charter of Rights to be watered down.

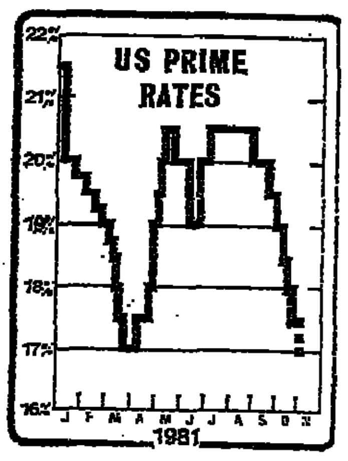
On the provincial side, a constitutional amending formula was conceded falling short of what eight of the premiers wanted.

Under the compromise constitutional amendments will require the support of at least seven provinces. Up to three provinces would be allowed to opt out of certain kinds of changes.

The right of French speaking minorities in English Canada and that of English speakers in French areas to education in their own language, originally part of the Charter, will not be entrenched in the Constitution.

But the provinces agreed that minority education rights would apply. As a further concession Mr Trudeau agreed that under specified circumstances some provisions of the charter could be overriden by Parliament or by a provincial legislature.

The proposals have to be approved by the Canadian Parliament, where Mr Trudeau's majority is safe. They then will be submitted to Westminster where yesterday's compromise ought to allay the doubts of many peers and MPs.



Chemical Bank cuts rate to 17%

By David Lascelles in New York

CHEMICAL BANK, the sixth largest bank in the U.S. yesterday reduced its prime rate by half a percentage point to 17 per cent. No other banks followed immediately, but several were expected to join the move if this week's promising improvement in interest rates persists.

Chemical's cut brings its prime level to the lowest point this year. The cut is the latest in a series which has seen this key lending rate come down in fairly rapid steps from the most recent high point of 20½ per cent in late August.

The cut yesterday reinforced the new mood of optimism pervading Wall Street about the interest rate outlook. Short term interest rates have been declining steadily for the last two months, with the Fed fund rate falling from a peak of 20 per cent to about 14½ per cent yesterday.

Further encouragement came this week from the powerful rally in the bond market, which is a more sensitive measure of investors' expectations about inflation.

Most bonds have gained about 10 per cent in value in the last few days even though the U.S. Treasury is in the process of borrowing nearly $9bn in a refunding exercise to finance the budget deficit.

William Hall writes: Short-term interest rates in Europe continued to move lower yesterday following the fall in U.S.

Continued on Back Page

Money markets, Page 33

£ in New York

—	Nov. 4	Previous
Spot	$1.8710-8730	$1.8640-8660
1 month	0.24-0.17dis	0.22-0.15 dis
3 months	0.50-0.20dis	0.25-0.15dis
12 months	0.10dis-0.10pm	0.40-0.60 pm

Rates Bill revolt by more than 12 Tory MPs likely

BY PETER RIDDELL AND ROBIN PAULEY

MORE THAN 12 Conservative backbenchers may next week revolt against Government proposals to limit local-authority rate increases by referendums. This became clear at Westminster last night on the eve of publication today of the detailed legislation.

The Bill will show the Government's attitude hardened so that high-spending councils seeking to raise rates by more than an amount set by Whitehall will need a referendum before the first supplementary rate, rather than before the second supplementary rates as planned initially.

These proposals angered some senior Tory MPs. Labour Party leaders aim to attract dissident Tories' support when the issue is debated in principle by the Commons on a general supply day-motion next Thursday.

Whether the Tory MPs vote against the Government will depend on the wording of Labour's motion. This will be decided early next week.

A leading Tory backbencher said last night: "It is more than an abstaining matter." He intends either to support the Labour motion, or, at least, to make clear his intention to vote against the Bill's Second Reading in the Commons this month.

Between one and two dozen Tory MPs are believed to oppose the Bill, largely on constitutional grounds. They disagree with erosion of local government's status and the use of referendums. The group includes Mr Geoffrey Rippon (Hexham), Mr Terence Higgins (Worthing), Mr Robin Squire (Hornchurch) and Mr Anthony Beaumont-Dark (Selly Oak).

The issue was raised at last night's backbench 1922 Committee meeting. Senior MPs said so controversial an issue should have been discussed beforehand. Tory Party managers recognise opposition will be difficult to handle.

Last night a backbench environment committee meeting was being arranged hurriedly for early next week so that Ministers can explain the Bill.

The Bill is intended to be temporary until longer-term proposals to replace the domestic rating system can be enacted. A consultative Green Paper is expected soon.

The change in the Bill, to require a referendum before the first supplementary rate in July, is intended to ensure local authorities' financial problems are known as early as possible.

Referendum rule stiffened, Page 8

Texaco lifts pump prices of petrol by 4p a gallon

BY GARETH GRIFFITHS

TEXACO last night raised the pump price of its petrol by up to 4p a gallon to reflect the recent increase in crude oil prices.

The increase, which came into force at midnight, brings Texaco's average price of petrol to 170p a gallon at the garages. The wholesale price has gone up by 0.48p per litre for 2 star and 0.77p per litre for 4 star. Texaco also plans to announce increased prices for its other oil products within the next couple of days.

Texaco is the UK's fourth largest petrol company and supplies about 9 per cent of the country's petrol. Unlike the other large companies it imports nearly all its oil for the UK from Saudi Arabia and takes only between 30,000 and 40,000 barrels a day from the North Sea.

The three main suppliers, Shell, Esso and BP Oil, are waiting for the British National Oil Corporation to set its new price for North Sea crude oil today before deciding what increases to implement. BNOC is expected to telex its customers today and the increase is to be backdated to last Sunday.

Saudi Arabia increased the price of its light crude by $2 a barrel to $34 at the Geneva meeting of the Organisation of Petroleum Exporting Countries on October 29.

Texaco garages in common with others in the UK often have considerable price differentials for petrol depending on location and price support for dealers. Before the latest rise, prices ranged from 161p a gallon to 182p a gallon.

Demand for petrol has fallen this year and prices have gone up by more than 25 per cent mainly because of the fall in value of the pound against the dollar.

Refinery strike postponed, Page 11

CONTENTS

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Kohl courts West German youth with caution

BY JONATHAN CARR IN HAMBURG

DAZZLED BY arc lights and dazed by success, youth stood *firmly in the centre of the stage* at this week's congress of the West German Christian Democratic Union (CDU). Not only did the official opposition delegates yield the floor for hours so that dozens of young guests —most not CDU mebers—could relations and the arms race. Wherever they padded in the thickly-carpeted corridors of Hamburg's ultra-modern congress centre, young people were pounced upon by the media for their views on everything from the neutron bomb to the plight of the developing world.

It was not surprising that young people used to turning *out on the streets to gain attention of their elders found this sudden burst of attention* unnerving. At one point a group of *students let down a sheet* with slogans daubed on it in red paint *from a balcony of the* conference hall. Dr Helmut Kohl, *the CDU leader,* wagged a disapproving finger from the rostrum, complained about "bad style"—and the sheet was promptly withdrawn. It was not quit the stuff of which revolutions are made.

Many in the CDU, who were initially wary of inviting so many non-party members to what is essentially a "closed shop" affair, later described the experiment as a complete success, even as a "historic occasion."

That is going a bit far. True, CDU congresses are normally occasions for demonstrations of massive solidarity and expressions of unflinching support for the Western Alliance and the social market economy.

It was, therefore, odd for delegates to see young men and women striding to the rostrum to ask just wht values the West was *trying to* defend, to question the need for economic growth—and to express shock about the "technocratic *answers*" they felt politicians of all parties gave to questions *of deep concern to ordinary* people.

That said, it remains open how far the CDU will now encourage this kind of dialogue to continue at regional and local level and whether it will take these contrary views into account in formulating its own policy.

The delegates gave the young a fair hearing—but one could *almost hear the sigh of relief* when it was over. It was rather like *a Viennese audience* which tolerates a boisterous overture *by Shostakovich only because* it knows a well-loved symphany *by Mozart is the next item on* the programme.

The important point is not so much the outcome of this "experiment with youth" as *the fact that it was made at all.* It amounts to part of the CDU's effort to rise to the growing challenge posed by the peace *movement, a challenge which all* West Germany political parties *now recognise that they ignore* at their own peril.

If they did not see it that way before, they certainly do so after the big peace demon*stration in Bonn last month,* which attracted more than *250,000* people, most of them young.

The danger is most acute for the Government coalition parties, the Social Democrats (SPD) and their liberal partners, the Free Democrats (FDP). Herr Willy Brandt, the SPD leader, has warned that failure to convince peace demonstrators that they have a home in his party will simply mean that the SPD will ossify.

The FDP gained just over 10 per cent *of the* vote in the general election a year ago, but *the impact of a new political* force—a fourth party—could *easily drive it below 5 per cent* in a year or two. That would mean that under West German law, it could not be represented in parliament.

Already opinion polls show that if an election were held now, the "Greens," the ecologists' party, which plays a key role in the peace movement, would win more than 5 per cent of the votes.

It would then have the power *to play the kind of role* between the big party blocks which has long belonged to the FDP. Whether the Greens would use that power to act as a stabilising force as the FDP has done is quite another question.

For the CDU, support from even a relatively small number of those disenchanted young people who at present reject all parties could be the key to an absolute majority in the next election.

After all, the CDU and its Bavarian sister party the *Christian Social Union* (CSU), came close to the target in the *1976 election when it gained* 48.6 per cent of the vote. On *the face of it* most of the peace demonstrators would seem even less *likely* to support a Centre-Right party than the present Left - Liberal government alliance. The CDU believes there is potential for votes there all the same. Its experiment in Hamburg shows it is out to get them.

While there is general accord *within the CDU on the aim,* there remain differences over *the methods.* Several senior party members, including Herr Heiner Geissler, the general secretary, Herr Matthias Wissman, the leader of the youth wing and others, want to see a much more active effort specifically to attract these young, floating non-voters.

They stress that the party's need is to boost its popular support from 49 per cent to 51 per cent, not just to consolidate the support of those who already vote for the CDU.

Dr Kohl is much more careful. *He clearly fears that if* the CDU tries to run after *youth and appears to be tailoring* its principles to gain more votes, then it will lose some of its traditional support. With the Government coalition already showing signs of crumbling of its own accord, this is a risk Dr Kohl does not want to run.

Most of the delegates in Hamburg clearly favoured this strategy—*even while they were* extending friendly tolerance to *the "young visitors." But it* may well be a different story *if after a year the* Government is still holding together—and Dr Kohl is still preaching the gospel of caution.

Helmut Kohl, leader of the Christian Democratic Union, does not want to lose traditional support by appearing to tailor his pricipies to capture the youth vote.

Grounded submarine 'carrying N-weapons'

By Westerley Christner in Stockholm

THE SOVIET submarine which ran aground in Swedish territorial waters last week was probably equipped with "one or more nuclear warheads," Mr Thorbjörn Fälldin, Sweden's Prime Minister, said yesterday.

"The investigations show that it is practically certain that uranium 238 is present on board the submarine aforeships," he said. The Government had demanded confirmation of these revelations from the Soviet Government last Wednesday but had not received a satisfactory reply.

Moscow statement

Moscow issued a statement that night saying "the Soviet submarine 137 carries, as do all other naval vessels at sea, the necessary weapons and ammunition."

The statement also declared that the vessel's weapons and ammunition had "nothing to do with the circumstances surrounding the unintentional intrusion."

Mr Fälldin said it implied that the Russians objected to Sweden's investigation, authorised before the submarine could be released.

MR LEIF LEIFLAND, *the* Foreign Ministry secretary, said: "Their interests are not furthered by poisoning their relations with us. This affair has clearly ben a blow to the relations."

During the investigation Swedish military officals were not allowed to inspect the submarine's torpedoes. The belief that atomic weapons wer on board was based partly on readings of radioactivity levels on the vessel.

Secret report

The Swedish Government on Wednesday received a report on the investigation conducted by *General Lennart* Ljung, supreme commander of the armred forces. It is to remain secret and was studied yesterday by the Advisory Council on Foreign Affairs which comprises the King of Sweden, the cabinet and representatives of the major political parties in Parliament.

Mr Fälldin did reveal, however, that the report had concluded that the submarine entered the *restricted* area with the intention of carrying out "illegal activities." It was probably engaged in some form of spying when it ran aground.

A sea-worthiness inspection of the submarine was carried out yesterday, according to a navy spokesman. The Prime Minisetr merely said it would be released "in due course," without giving further details.

"Sweden's neutrality policy must be respected abroad and we have the right and the will to prevent these incursions into our territory," Mr Fälldin said.

Tax increase will pay for Dutch jobs programme

BY CHARLES BATCHELOR IN AMSTERDAM

THE NETHERLANDS finally has an effective Government following the agreement reached late on Wednesday between the Labour, Christian Democratic and Democrats 66 parties.

The compromise will mean *an increase in income tax next* year to pay for the first stage of an employment programme aimed at creating 60,000 jobs.

MPs from the three parties yesterday *approved the agreement.* The Government still has to agree the wording of a policy programme which it hopes to present to *Parliament* on November 16.

The compromise ends five months of political uncertainty though doubt remains over how *long the Government can re*main in office. The long negotiations *have soured* relations between the Christian Democrats and Labour, and fundamental differences remain over defence policy—in particular *the modernisation of Nato's* nuclear missiles in Europe.

The parties began their efforts *to form* a Left-Centre coalition after the general election on *May 26 and a Government* was sworn in in September. However, *five weeks* later, the Cabinet fell because it could not agree on a job creation programme sought by Labour.

Two Labour Party mediators —*both economics professors*— have spent the past two and a *half* weeks attempting to find a compromise.

It was uncertain up to the last minute whether agreement could be reached on raising the extra money to create jobs. The Christian Democrats wanted an *increase* in value added tax and agreement from the unions that they *would* not make wage demands to compensate for the extra taxes.

Despite a pledge that tax and social security payments would not be *increased*, income tax rates will rise temporarily next year while the details of a longer-term "investment surcharge" are worked out.

This will be a surcharge on wages, probably of half a per cent, which will be used to stimulate investment by indsutry.

The three parties have agreed *to spend an extra Fl 1bn* (£217m) on job creating next year, taking spending to Fl 2.6bn. Total spending over the next three to four years on jobs will amount to between Fl 4 and Fl 5bn.

Money will go to house improvement and construction, *energy saving in the* home and industry, and creating jobs in *the public sector.*

The budget deficit amounts to 8 per cent of *national income* or Fl 24bn. It will be difficult to achieve a reduction to 6.5 per cent in 1982 as was hoped.

Struggle for power in Spanish ruling party

By Robert Graham in Madrid

THE CRISIS in Spain's ruling Union de Centro Democratico (UCD) party yesterday emerged as an increasingly *bitter struggle for* power between Sr Leopoldo Calvo Sotelo, *Prime Minister*, and Sr Adolfo Suarez, his predecessor.

***Since his resignation from* the premiership and party *leadership at the end of* January, Sr Suarez has continued to retain a hold over the bulk of the party apparatus. He is now using this control to prevent Sr Calvo Sotelo from forming a broad alliance that would include the right-wing Coalicion *Democratica, headed by Sr* Manuel Fraga.**

The Prime Minister, for his part, inherited a Cabinet chosen by Sr Suarez and which he was unable to change because of the after*math of the abortive February* coup. Since September, Sr Calvo Sotelo has been considering various formulae for a Cabinet reshuffle but each time has come up against the opposition of Sr Suarez and his allies.

Sr Suarez himself is still unwilling to break from the party like the small but influential social-democratic wing did earlier this week. The nine Social Democrat deputies, headed *by former Justice* Minister, Sr Francisco Fer*nandez Ordonez, announced* on Wednesday that they *would* leave the UCD *but* continue to support the Government until the next election.

Their walk-out was prompted by fears that Sr Calvo *Sotelo was switching* the party away from a centre-reformist policy.

Sr Suarez wants to keep the party on such a course from *the inside. Thus, he is now* strongly opposing a move by Sr Calvo Sotelo to remove Sr Agustin Rodriquez Sahagun, the man brought in as compromise party secretary-general after the UCD congress at the end of January. Removing Sr Rodriguez Sahagun would give Sr Calvo Sotelo a freer hand.

These internal party disagreements show no sign of being quickly resolved. Indeed the party now seems to have suddenly realised the gravity of the course on which it has embarked—a possible disinte*gration and at best serious* loss of public face.

Hungary 'not paving way for Poland to join IMF'

BY DAVID BUCHAN IN WASHINGTON

MEMBERSHIP of the International Monetary Fund and World Bank would increase Hungary's already deep involvement in international trade and finance, but was not designed *as a precedent for* Poland, its fellow Communist *bloc country, to take the same* step, Mr Janos Feteke, the Hungarian Central Bank Governor, said yesterday.

Speaking the day after he *formally* lodged Hungary's application to join the two Washington-based *institutions* Mr Feteke emphasised his country's interest in IMF membership as smoothing the way to partial currency convertibility and in enabling Hungary to bid on the growing number of World Bank-financed contracts in the Third World.

Hungary's application had not been co-ordinated with the Warsaw Government. "We did not call the Poles," beforehand, he said.

He refused to comment on whether the application had been cleared with Moscow. Instead, he noted that IMF and World Bank membership would complement Hungary's existing participation in the Gatt trade organisation and in the Bank of International Settlements (BIS). At the same time, Hungary stayed a solid member of Comecon and the Warsaw Pact.

Mr Feteke said Hungary subscribed to the general aims of *the IMF for equilibrium in* balance of payments, greater *flow of world trade, and lowering* of inflation rates.

He made clear that Hungary was particularly interested in IMF technical assistance towards making the Forint partially convertible into hard Western currencies. Some move towards this is in fact an *obligation of IMF membership.*

A first step has been the unification of the Forint exchange rate on October 1. The next step, Mr Feteke said, would be to lift restrictions on the free use of the Forint in what he called "current payments," meaning trade, services and commission transactions.

He said Hungary did not have *the reserves to make the Forint* fully convertible, though he *noted that Hungarian tourists* had recently been allowed to take larger amounts of hard currency out of the country.

Hungary is not expected to draw directly on the lending resources of either the IMF or the World Bank. Indeed, the country's gross national product per capita—put variously at $2,000 a head by IMF officials and at $3,850 per head in the latest World Bank development *report—made it ineligible for* World Bank loans.

But Mr Feteke said joining the bank would enable Hungarian companies and state enterprises to bid for World Bank-financed development contracts *in the Third World. IMF membership* is a legal prerequisite for joining the Bank, and in practice virtually all countries join both institutions at the same time.

An IMF team is expected to go to Budapest shortly to gather economic information on which to assess what Hungary's quota at the Fund should be. The World Bank must also assess what Hungary's subscription to its capital should be, based on *the country's relative GNP.* But since Hungary will not be bor*rowing from the Bank,* World Bank officials said yesterday that they were not sure whether a separate Bank team would need to visit Hungary.

Norway reviews oil policy

By Fay Gjester in Oslo

SIGNIFICANT CHANGES in Norwegian oil policy, including the role of Statoil, the state oil company, are outlined in a White Paper presented to Parliament yesterday.

Notably, Statoil will not be allowed *to become part-operator* of the giant Anglo-Norwegian Statfjord Field in 1985, as recommended by the previous Labour Government, Mobil would remain sole operator, at least until the field's three production platforms are operating —probably in late 1987 or early 1988.

Two committees will study *policy changes, the Paper says.* One will consider whether the pace of exploration and development should be defined more precisely. The only guideline at present is a theoretical output "ceiling" of 90m toe (tonnes of oil equivalent) a year.

This takes no account of other factors influencing the oil industry's impact on the economy, such as *levels of* investment, fluctuating oil prices and changes in the value of the U.S. dollar. Petroleum output is just under 50m toe a year and is not expected to rise much before the mid-1980s.

A second committee will consider the organisation of the *country's petroleum* activities and the role of Statoil. The com*pany at present handles* all the state's royalty oil, as well as its own *share of output on fields in* which it has a stake. The *Government proposes to review* this arrangement, as well as the position of Norol, Statoil's refining and oil product marketing subsidiary, which might be returned to private ownership.

● About 600 officers on 25 Norwegian-owned drilling and accommodation rigs, most of them working in the North Sea, have gone on strike in support of a pay claim. The Government intends to refer the dispute to compulsory arbitration.

MEPs take kinder view of 1982 budget

BYI JOHN WYLES IN STRASBOURG

THE EUROPEAN Parliament yesterday referred back to EEC governments a relatively austere draft 1982 budget whose main *priorities appear to be more* help for backward regions, the unemployed and the world's hungry.

At the end of three days which showed Parliament settling down to its budgetary responsibilities with fewer fireworks and gimmicks than in the past two years, MEPs gave a First Reading to spend *plans totalling about* 22bn European currency units *(£11.44bn)—only 300m Ecus* more than those favoured by the Council of Ministers. Parliament boosted its own domestic budget by a modest 5 per cent to 212m Ecus (£110m).

In a welter of voting on more than 600 amendments to the Council's version of the budget, Parliament threw out an attempt by British Socialists *to lock up 827m Ecus (£430m)* of the UK's special budget rebate until Mrs Margaret Thatcher, the Prime Minister, and her colleagues explain where the money is being spent.

MEPs concentrated on goading their main adversary, the Council of Ministers. Possibly the most provocative act was to vote down some 365m Ecus (£190m) earmarked for the so-called monetary compensatory amounts which subsidise farm exports from strong currency *countries such as* West Germany and Britain.

This cut is bound to be restored when the Ministers meet later this month. Less certain is the attitude they will take to Parliament's restoration of 170m Ecus (£88.4m) for regional development and 288m Ecus *(£150m) for social* spending which the council had cut from the *Commission's* proposals.

Since *there will be* no 1982 budget without a joint agreement between Parliament and the Council in December, the governments may try to bargain back some of the changes made to the agriculture sections of the budget *in return for* leaving regional and social totals largely intact.

Building on a practice of previous years, Parliament crammed several items into a special budget reserve including 453m Ecus (£226m) from the farm budget and 80m Ecus (£41.6m) of financial aid destined for Turkey, whose military regime lacks majority support in Strasbourg. These *moves may also be overturned* by the Council.

French unemployment tops 2m

BY DAVID HOUSEGO IN PARIS

UNEMPLOYMENT in France has passed the psychologically important 2m mark. According to *provisional unadjusted* figures the number of jobless rose to 2,006,000 in October, 4.9 per cent above the September figure. This is about 7.5 per cent of the labour force and amounts to an increase over *October* last year of 26.6 per cent.

M Pierre Mauroy, the *Prime* Minster, said yesterday that the October figures reflected a difficult moment in which the *economy was still suffering from* the legacy of recession and austertiy bequeathed by the previous Government and was not ye benefiting fully from the reflationary measures the Socialist Administration has taken

He repeated the Government's hope of reversing the trend by *the end of the year. It is looking* to stabilise unemployment next year at about 1.9m.

This estimate is based on the planned creation of 300,000-400,00 new jobs in 1982 as the result of faster economic growth, the reduction in the working week, a new employment schemes in industry under which employers can largely offset the social security costs of additional labour, and 100,000 new *posts* in the public sector.

Genscher concern at tougher Turkish line

BY METIN MUNIR IN ANKARA

THE WEST GERMAN Foreign Minister, Herr Hans Dietrich Genscher, arived here yesterday for official talks whose outcome may be crucial for the military regime's relations with Western Europe.

On arrival he at once indicated the Bonn Government's concern at recent moves by the regime against former Turkish *politicians.*

"I am happy that during this *visit I will be able to meet again* old friends from Turkey's democratic parties," he said, referring to his appointments with Mr Bulent Ecevit and Mr Suleyman Demirel, both former Prime Ministers.

Mr Ecevit was sentenced to four months in prison earlier *this week for criticising* the abolition of Turkish political parties.

Herr Genscher drove the iron *further into the soul of his hosts* when he said: "We have not forgotten that in the time the (Hitler) dictatorship in Germany, many democrats found refuge in your land.

His remarks clearly offended the Turkish leaders. A West German diplomat said that in the subsequent talks with *General Kenan Evren, the head* of state, and Mr Ilter Turkmen, the Foreign Minister, "You could cut the atomsphere with a knife."

West Germany Turkey's staunchest ally and biggest aid donor in Europe, believes the recent toughening of Gen Evren's administration may undermine the grudging goodwill that the Turkish coup has *been enjoying* among Western Governments.

Portugal faces spending cuts

By Diana Smith in Lisbon

SR JOAO SALGUEIRO, Portugal's Finance Minister, has warned of drastic public spending cuts in 1982 and Sr Francisco Balsemao, the Prime Minister, has called for urgent measures to "save the economy."

Sr Salgueiro told Democratic Alliance MPs this week that the accumulated public debt would reach Esc 600bn (£5bn) next year and would require interest payments of $1.4bn.

Belgium goes to the polls on Sunday. **Larry Klinger** examines Flemish politics in the second of two articles.

General election may unleash federalist tide in Flanders

WHEN THE Brussels Opera chose its opening production for this season, it could not *have known that it would* coincide with a general election campaign. Yet the coincidence could hardly have been less aposite: Verdi's Don Carlos, in *which the prince of the title* tries without success to relieve *the bloody sufferings of* Spanish-occupied Flanders.

Twentieth-century Flanders is again in trouble. While its problems are undoubtedly less severe than the Spanish Inquisition's pogroms of the 16th century, they could force major changes in modern Belgium's political structure.

Flemish industry is in such a severe decline that business leaders say only a big reduction in the growth of costs can even begin to improve matters. This, they argue, must come through an immediate change in the national wage system, which automatically links rises to increases in the *cost-of-living* and through alleviating industry's *burden of financing social* security benefits.

Furthermore, they argue that such measures will only prove of lasting benefit if they are accompanied by big reductions in state spending to redress the country's financial crisis and attract new foreign investment.

The problem is that clear cut *national decisions have become* virtually impossible because of *the growing divisions in Belgian* society. At the same time, political negotiations after the elections may produce another *compromise coalition, which* can only result in further stalemate.

All political parties opinion polls suggest that voters dissatisfaction with the outgoing coalition of Christian Democrats and Socialists will result in heavy losses for the former and a lighter—but still considerable —setback for the latter. Meanwhile, the right wing Liberals are expected to score significant gains, with the federalist Volksunie recouping heavy losses suffered in the last election in 1978.

Some leading Christian Demo*crats at national level are known* to favour a coalition with the *Liberals in* order to push through a stern economic programme. But Christian Demo*crat leaders at grassroots level* feel that such a coalition would *only be possible in the unlikely* event that of tacit acceptance *by the powerful French-speak*ing Socialists.

A coalition excluding the Socialists would leave the south, which is economically depressed and increasingly dependent on the Government's financial *support, under-represented* nationally.

One possibility being ex*plored behind the scenes is a* Christian Democrat and Liberal *coalition headed by Mr Paul* Vanden Boeynants, leader of *the French-speaking wing of* the Christian Democrats in *Wallonia, but also popular in* Flanders. This, it is argued, *could provide* a coalition heavily biased towards Flanders, but with a sufficiently heavy "French cosmetic."

While the Christian Democrats are certain to remain the single most powerful parliamentary bloc, another grassroots fear is that the Liberals' expected strong gains may come at the sole expense of the moderate Christian Democrats. *This might prompt the Liberals* to adopt such uncompromising demands that a weakened Christian Democrat Party *would have no alternative but* to form another coalition with *the Socialists.*

This could result in a split Government like the last, whose failure to agree on a co-ordinated economic policy forced Sunday's unwanted election.

Flemish worries and confusion are understandable. Having struggled for centuries as a cultural and political underdog, having at last achieved a political and economic dominance by which, in theory at least, Flanders can determine its own affairs, they now face an abysmal economic decline. Moreover, the national Government, which *in theory Flanders dominates,* seems powlerless to help.

Everyone in Flanders seems to agree that the export-dependent region's central problem is a straightforward inability to sell its goods more profitably on world markets.

A *major irony is that* Flanders is a leader in increased productivity. *It is estimated* that Flemish industry's labour *costs as a* proportion of what is produced are the lowest in *the EEC after West Germany.* They are only two thirds that of the EEC *average* and nearly half that of France. The trouble is that Flanders' productivity has proved very costly.

Individual Flemish wages are among the highest in the world. The Institut der Deutschen Wirtschaft, the West German institute for industry, estimates Belgian hourly wages are the equivalent of DM 18.99 (£3.36), compared to DM 10.19 (£2.45) in Britain, DM 9.56 in France and only DM 8.42 in Italy.

The high cost of supporting Belgium's social services makes competition on a depressed world market unviable, says Vlaams Ekonomisch Verbond (VEV), the Flemish employers' organisation. For every BFr 100 (£1.44) paid in wages, industry *must contribute* a further BFr 75 (£1.08) to BFr 80 *for social security* benefits.

Meanwhile, Flemish unemployment stands at a post-war record *of nearly* 12 per cent, with a further estimated 200,000 "*hidden* unemployed" without job in the private sector being given work by the State.

"Flemish industry," said a VEV spokesman, "has run out of money. The VEV estimates that between 60 and 70 per cent of industrial activity is now financed by loans, at record interest rates, threatening a spate of large bankruptcies. New investment has been reduced to a trickle and foreign investment is almost non-existent, says the VEV.

A broad section of the Flemish people view Sunday's election as crucial. If they see the formation of another ineffectual government in Brussels, their recently attained self-assurance could return to a despondency whose final outcome might be a demand for a virtually autonomons Flanders.

Few Flemish people are promoting secession from the Kingdom of Belgium—only 4 to 5 per cent of the electorate openly *favour separation*—but there is a potentially strong tide towards a very independent federalism.

BELGIUM'S REGIONS COMPARED

(All figures percentages)*

		Flanders	Wallonia	Brussels
Population		57.1	32.7	10.2
Gross domestic product		56.2	27.4	16.4
Active labour supply		57.4	31.3	11.3
Employment		52.2	28.2	19.6
Annual growth in real terms	'66-74	+6.2	+4.6	+3.2
	'74-77	+1.9	+0.8	+0.8
Growth in industrial output (ex-construction)	'68-74	+7.1	+5.3	+2.8
	'74-80	+1.3	−0.4**	+0.5

* Official regional figures often not available beyond 1977; subsequent *years estimated to have remained similar proportionately in comparisons between regions.*

** *Virtually entirely due to steel industry decline.*

Source: Kredietbank Research Unit

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AMERICAN NEWS

Weinberger denies Haig claim on Nato 'warning'

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

DISSENSION erupted at the highest levels of the U.S. Administration yesterday as Mr Caspar Weinberger, the Defence Secretary, flatly denied a claim by Mr Alexander Haig, the State Secretary, that Nato had a contingency plan for firing a nuclear warning shot in the event of a Warsaw Pact invasion of Western Europe.

Mr Weinberger told the Senate armed services committee: "There is nothing in any of the plans at this time that even remotely resembles this, nor should it."

Mr Haig found himself at the centre of a new controversy only two days after he accused an unnamed White House official of conducting a "guerrilla campaign" against him to secure his removal from office.

Mr Haig, a former supreme commander of Nato (North Atlantic Treaty Organisation), told the Senate foreign relations committee on Wednesday that the alliance had a contingency plan to fire a nuclear weapon "o demonstrate to the other side that they are exceeding the limits of toleration in their conventional attack."

The remark caused surprise in Washington in view of the high level of sensitivity in Western Europe over any remark by an "American leader suggesting that nuclear weapons might be used in Europe.

Ironically, Mr Haig is usually the Cabinet member to show the greatest awareness of European anxieties.

Mr Haig had apparently simply intended to illustrate the alliance's doctrine of flexible response in order to make the point that Nato would try to keep any fighting in Europe to the lowest possible level.

He was defending a recent remark by President Ronald Reagan, which also caused some concern in Europe, to the effect that a battlefield nuclear exchange in Europe would not automatically trigger a full-scale strategic nuclear war

The possibility of firing a nuclear warning shot if the West's conventional forces found themselves overwhelmed by a Warsaw Pact attack has bene frequently discussed by Nato theoreticians

Mr Weinberger, however, yesterday agreed with Mr John Warner, Republican Senator of Virginia, that the idea was part of an earlier plan, not one under current consideration.

Mr Warner said Mr Haig's remarks had caused a great deal of concern. Both he and Mr John Stennis, Democratic Senator of Mississippi, said they were worried about the effect on the West European anti-nuclear movement.

Meanwhile, Mr Reagan has let his staff know that he wants an end, once and for all, to the sort of Administration in-fighting that led Mr Haig to make his "guerrilla campaign" charge.

U.S. fails to stop Jordan arms deal

By Reginald Dale, U.S. Editor,

THE U.S. yesterday appeared to have failed in its attempt to persuade King Hussein of Jordan to drop plans to purchase arms from the Soviet Union and buy American weapons instead.

As the King ended a three-day state visit to Washington, U.S. officials said he had informed Mr Casper Weinberger, the Defence Secretary, that the deal with Moscow had already been signed and would go ahead.

It was for the purchase of an undisclosed number of Soviet Sam-6 surface-to-air missiles, possibly financed by Iraq, he said.

The U.S., Jordan's traditional arms supplier, has expressed concern that the deal could increase Moscow's influence in the Middle East

It seems likely, however, that Jordan has turned to Moscow for new missiles because it dislikes the strict conditions attached to the siting of American missiles intended to prevent them being used against Israel.

Argentine Central Bank plans to refinance industry's debts

BY HUGH O'SHAUGHNESSY.

THE CENTRAL BANK of Argentina will refinance over seven years up to 50 per cent of the debts owed to the Argentine Government and private banks by manufacturing industry and up to 40 per cent of those owed by other industry.

The move is aimed at helping the cash flow of banks and much of Argentine business which has been squeezed by the sharp recession.

Industrialists have been pressing for such concessions for several months but the Government of General Roberto Viola has hesitated because of the possibly severe inflationary effect.

In the first nine months of this year the cost of living rose 108.5 per cent, compared with 64.2 per cent in the same period of last year.

The Government is setting up a guarantee fund to cover possible future bankruptcies. The fund will finance up to three-quarters of debts to financial institutions which remain unpaid at the end of the seven-year period.

The amount of refinancing involved in the total operation is estimated at 30.000 bn pesos (£1.6bn).

The new scheme provides a three-year grace period for companies to pay the debts they had contracted with banks at August 31.

According to a report by the Argentine banking association indebtedness by private sector industry to banks increased on average by 25.4 per cent in real terms between December 1978 and March this year.

The decision to launch the refinancing scheme may have the effect of delaying the announcement of a new currency unit which is expected to be equivalent to 1,000 pesos and whose introduction could also have the effect of fuelling inflation.

A similar operation was carried out in 1970 when the peso currently in circulation was introduced to take the place of 100 old pesos.

Reuter reports from Santiago: The Chilean Government has intervened in two national insurance companies because of their debts to banks and finance companies put under government control on Monday, the Superintendency of Securities and Insurances regulatory authority said yesterday.

The authority said provisional administrators had been placed in the two companies. Lloyd de Chile and Compania de Seguros de Vida Lloyd de Chile.

On Monday the Government took control of four private banks and four finance companies accusing them of defective administration.

The Central Bank of Chile has also imposed extra reserve requirements to prevent a shift in deposits betwen domestic banks.

The Central Bank imposed an additional cash reserve requirement of 20 per cent on any increase in deposits with individual banks above last month's average deposits

Honda in battle with U.S. union

By Ian Hargreaves in New York

HONDA, the Japanese motor company, may be winning an ever larger share of the U.S. vehicle market, but it is losing the battle of the badges.

Honda has been told by the National Labour Relations Board that it does not have the right to stop workers at its Ohio motorcycle plant wearing caps and other insignia promoting the United Autoworkers Union, which is trying to organise the plant.

Honda has maintained that its opposition to badges was based on its desire to avoid workers scratching the motorcycles. The UAW thinks it was a ploy to keep out the union.

But the UAW realised it had the makings of a successful legal challenge when Honda also refused to countenance UAW T-shirts and hats, on the grounds that this violated the company's world-wide policy of dressing its people in uniform.

Honda says its uniforms are specially designed to avoid protruding buckles and buttons.

The action, however, does not appear to have soured Honda's views on its U.S. activities. A neighbouring car plant to the motor cycle factories is well under way and the union has been successful in organising some engineers, although not yet assembly workers in the motorcycle plant. Honda has often praised the quality of work from its American employees.

The UAW regards the issue of unionising Japanese companies as being of great importance

Verdict against accounting firm

NEW YORK—An $80m verdict has ben returned against the accounting firm of Arthur Andersen and Co by a federal jury that found it stood by while a swindler defrauded a mutual fund spun off from Investors Overseas Services.

Andersen was accused by Fund of Funds of either knowing or not caring that John M. King was selling grossly overpriced mineral rights to Fund of Funds and charging it for property, services and work that it never achieved. The transactions occurred between 1968 and 1970 and the fund was ordered into liquidation by a Canadian court in 1973.

Andersen said it would seek to have the verdict set aside AP

U.S. pushes human rights policy

By David Buchan in Washington

THE U.S. will pursue a strong human rights policy, according to a State Department document approved by Mr Alexander Haig, the Secretary of State.

This appears to put the Administration on much the same course as that pursued by former President Jimmy Carter and follows the fiasco earlier this year in which the President's nominee to fill the State Department's human rights post, Mr Ernest Lefever, had to withdraw from Senate confirmation because of criticism of his suitability for the post.

The memo claims that a strong human rights policy is necessary if the Soviet Union is successfully to be portrayed as repressive in contrast with western societies.

"A human rights policy means trouble for it means hard choices which may adversely affect certain bilateral relations. There is no escaping this without destroying the credibility of our policy,

Prison sentences sharpen Nicaraguan discontent

BY WILLIAM CHISLETT IN MEXICO CITY

THE IMPRISONMENT of three prominent businessmen and four Comunist trade union officials for undermining Nicaragua's tottering economy, has brought to a head the simmering battle betwene the ruling Sandinistas and there opponents both in the private sector and on the extreme left.

The seven, including Sr Enrique Dreyfus, head of Nicaragua's private businessmen's association, Cosep, and Sr Eli Altamirano, leade of the radical trade union CAUS, were sent to prison for seven months last week.

They were all sentenced under the recently decreed state of economic emergency, which bans strikes and profiteering and also outlaws the distribution of information deemed to be injurious to the Central American republic.

The businessmen wrote an open letter to the left-wing Sandinistra Government, accusing it of breaking its promises to create a mixed economy and a democracy by pursuing "a Marxist-Leninist project behind the people's back."

By contrast, the trade unionists criticised the Sandinistas for failing to create a Socialist revolution quickly enough.

The Communist Party has for the two years since the Sandinistas ousted the right-wing General Anastasio Somoza been a permanent thorn in the Government side, accusing it daily of "selling out" the revolution to capitalism and not moving fast enough to obliterate the private sector. The Communists have used their militants in CAUS to embarrass the Sandinista leadership, by halting production in factories, organising illegal invasion of farm land by peasants and scrawling slogans on city walls.

When the Sandinistas overthrew Gen Somoza, a long standing ally of the U.S., all sectors of Nicaraguan society, including the private sector, were united behind them.

But the Sandinistas are now increasingly isolated at home, at a time when the country's economic crisis is deepening. Meanwhile, the imprisonment of the businessmen has strained already tense relations with Washington. The U.S. cut off aid to Nicaragua after accusing the Sandinistas of sending arms to the rebels in El Salvador.

Recently, the Reagan Administration has been trying to improve relations with Nicaragua, since it fears that the Sandinistas could become a pro-Soviet Trojan horse in the U.S. back yard.

The Sandinistas' battle with the private sector, which controls about half the economy, has been going on for more than a year and is essentially political. Its outcome will, therefore, determine whether Nicaragua develops into a Western-style democracy or not.

The Sandinistas' radical critics are less important, although as the economy deteriorates and rising expectations are not met, the extreme Left's disruptive potential should not be underestimated.

The dispute with the private sector is probably the major factor behind the failure of the economy to recover from the war against General Somoza, in which 50,000 people died.

Many businessmen are only keeping their enterprises ticking over and are not making any new capital investment until "the rules of the game are defined."

The impasse, meanwhile, is tightening the screws on the economy, which is now facing a severe shortage of foreign exchange because of lack of private investment and reduced foreign aid. Consumer goods are becoming scarcer and imports of raw materials so low that some firms risk closure next year.

Informal milk rationing has reportedly started. Dollars are also being carefully rationed by the central bank, which has to pay $270m this year to service Nicaragua's external debt.

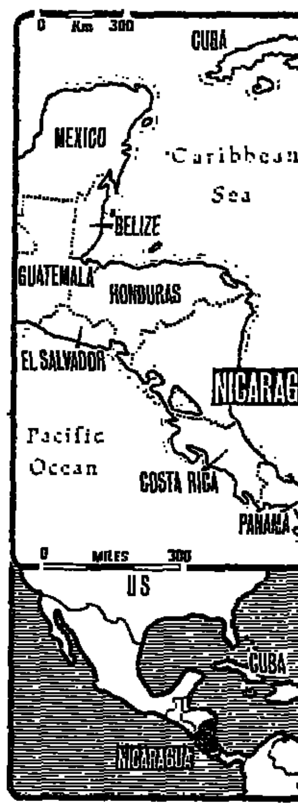
THE REAGAN Administration is guilty of "complicity with Somoza's ex-national guards who are training in Florida and California to invade Nicaragua," Sr Miguel d'Escoto, the Nicaraguan Foreign Minister said during a three-day visit to Brazil, AP reports from Brasilia.

Sr D'Escoto said that when Nicaraguan officials complained of the training camps, they were told "Very little could be done—the U.S. is a free country and the camps are private."

He accused the U.S. of dividing the world along East-West lines and said that since Mr Ronald Reagan's election relations between their two countries have "deteriorated as a consequence of an intolerable attitude of interference in our domestic affairs."'

Meanwhile, the Nicaraguan Government has urged the U.S. to back up its denial that Cuban troops crossed Nicaraguan soil to aid Marxist guerrillas in El Salvador.

"Nicaragua would consider it a positive and responsible gesture on the part of the U.S. Government to deny publicly and officially the lie about the presence of Cuban troops in this country," the Government said.



OVERSEAS NEWS

Israelis accused of planning 'two-mile takeover' in Hebron

BY DAVID LENNON IN HEBRON, ON THE WEST BANK

THE ACTING mayor of Hebron yesterday accused the Israeli authorities of planning to take over the homes of 4,000 Palestinians to create a two-mile strip of Jewish settlers' housing in the heart of this city, one of the largest on the occupied West Bank.

The latest move in this plan, according to Mr Mustafa Abdeennabi Natche, was the army takeover of a boys' school in the centre of the town on Saturday night. Mr Natche has been acting mayor since the mayor, Mr Fadh Kawasmeh, was deported by the Israelis last year.

"This town is very crowded," Mr Natche explained yesterday, "and if the Israelis take over our homes this means they want to push the Arabs out.

"If we want to stay in our city we must sleep 10 people in a room because there is just not enough housing for our children when they grow up."

The Osama Ben Munketh School was seized after a Jewish settler was stabbed while walking in the town. The 700 Palestinian schoolboys aged seven to 11 now have to travel three miles every afternoon to another school to take their lessons.

The Israeli takeover of the school marks the third link in a chain of buildings taken over by the Israelis in recent years. The acting mayor fears these properties will eventually be linked up to form a continuous strip by the gradual takeover of the housing in between them.

This would create a wedge of Jewish settlers' homes from the settlers' suburb of Kiryat Arba to the Hadassah building in the centre of town, which was seized by the settlers in 1978. The avowed aim of the Jewish settlers is to recreate the historical Jewish presence in the town which was ended by the Arab riots of 1929.

Reuter reports from Jerusalem: The Israeli supreme court ruled yesterday that Mr Aharon Abuhatzeira, Labour and Social Affairs Minister, must stand trial for alleged theft and fraud while he was mayor of the town of Ramle in 1974. The Minister's trial will be held in the Jerusalem District Court on November 22.

Washington delegation visits Sahara war HQ

AGADIR—A high-level U.S. delegation led by Mr Francis J. West Jr., Assistant Defence Secretary, arrived at the headquarters of all the Moroccan forces deployed in the war for control of the Western Sahara yesterday.

Moroccan officials said the delegation, including two generals, flew the 500 miles from the Moroccan capital Rabat early in the day to confer with Morocco's top field commander, General Ahmed Dlimi, and other senior officers involved in the desert war against the Polisario guerrilla movement.

The officials who declined to be named, said the delegation was due to make a brief inspection flight to the Saharan battlefields, where Morocco said it lost three fighter-bombers, a C-130 radar surveillance plane, and a Puma helicopter to Soviet-built Sam-6 or Sam-8 missiles in battles with Polisario forces last month.

AP

Mahaveli project to stay Sri Lanka priority

BY MERVYN DE SILVA IN COLOMBO

SRI LANKA'S multi-million pound Mahaveli irrigation-cum-power project will remain the Government's priority spending target despite pressure from donors and aid agencies for slowing down this "ambitious" scheme.

In budget estimates revealed by Mr Ronnie de Mel, Sri Lanka's Finance Minister, Government revenue at Rs 17bn (£425m) is set to increase by a modest Rs 2bn. But the overall balance of payments deficit is a huge Rs 21bn, compared with Rs 13bn this year. The deficit on the current account is Rs 1.7bn. Mr de Mel will present his budget on November 12.

The capital vote of the Ministry of Mahaveli Development was increased from Rs 3bn this year to Rs 6.5bn in 1982, a sixth of the total capital expenditure.

China sets out to woo Arab world

By Tony Walker in Peking

CHINA has mounted what could almost be termed a "diplomatic offensive" towards the Middle East, judging by the large amount of space the official media is now devoting to the Arab world.

One apparent aim of the campaign, according to Western diplomats in Peking, is to open the way for the possible establishment of some sort of relationship with Saudi Arabia, one of the few Arab countries with which Peking does not have formal relations.

Laudatory Chinese comments about Saudi efforts to bring about peace in the Middle East are being made against a background of persistent reports that unofficial contacts between China and Saudi Arabia have been taking place for several years.

These reports were given more substance by the reportedly cordial meeting between Zhao Ziyang, the Chinese Premier, and Crown Prince Fahd at the Cancun summit in Mexico recently.

From the Saudi point of view, there are several barriers in the way of establishing formal relations with Peking, not least of them being Saudi Arabia's close relationship with Taiwan which involves co-operation in a number of industrial projects.

Under present circumstances, there seems little chance of Riyadh sealing down its relationship with Taipei to suit Peking. Taiwan depends on Saudi Arabia and Kuwait for more than 80 per cent of its oil imports.

Contacts between China and Saudi Arabia are shrouded in mystery. Back in 1978, there were reports in Middle East capitals that a Romanian delegation to Saudi Arabia had sought to act as an intermediary between Peking and Riyadh, a role Romania had reportedly performed for the Chinese in dealings with other Middle East countries.

For China, an added attraction of increased contacts with the Arab world, and more particularly Saudi Arabia, is the potential economic benefits of such contact. Except for Egypt, Chinese trade with the Middle East is currently miniscule.

One area in which China is no doubt interested is the export of labour. The Chinese will not have overlooked the fact that 75 per cent of the Saudi workforce is "imported."

POWER STRUGGLE ERUPTS IN PEKING

Deng attacks 'corruption' of party officials

BY COLINA MacDOUGALL IN LONDON AND TONY WALKER IN PEKING

THE SIMMERING power struggle in China between Deng Xiaoping's more flexible reformist group and the hard-line bureaucrats who rigidly follow conventional Communism has erupted into near-open conflict.

In a key article composed entirely of quotations from Deng's post-1977 speeches, the Chinese leader has fiercely attacked the bureaucratism and corruption of party officials and implicity defended his own political credentials.

The claims that Deng derives his authority from the late Chairman Mao in the article can only mean that Deng has been under heavy fire from his opponents for discarding traditional Maoist Communism.

That it should be necessary to preface the attack on the party bureaucrats with this effect shows how serious the conflict has already become.

It may signal a period of destructive political conflict.

Quoting from a 1980 speech, the article recalled that Deng had said that the chief manifestations of bureaucratism were, among other things, "abusing one's power, keeping up appearances, indulging in idle talk, thinking in a rigid way, sticking to convention, overstaffing, being dilatory, being irresponsible, not keeping one's promise, sending official documents everywhere, suppressing democracy, deceiving one's superiors, deluding one's subordinates, resorting to bribery, and perverting justice."

The publication in this form of the "Thoughts of Deng Xiaoping" is a highly unusual step to which China's strongman would have only reluctantly agreed.

It is the clearest indication yet that Deng believes that the men he has placed in key positions, such as Party Chairman Hu Yaobang and Prime Minister Zhao Ziyang, are unable to withstand lingering opposition from Party hardliners to reforms he is trying to push through and that he must fight to defend his policies openly.

Obstructionism appears to be a serious problem at both central and provincial level among senior officials unhappy with new economic policies stressing individual initiative which are moving China away from the rigid Maoist approach of the 1960s and early 1970s.

Mr Deng's opponents may be using the argument that the moderates are selling out the party's principles as a rallying point for those disaffected with the new order.

The Deng quotes included a warning that those who continued to be unco-operative risked being purged.

It is also clear that China's most powerful politician now regards corruption as one of the country's biggest problems.

Underlining its importance, the article was printed jointly in China's three leading publications, the People's Daily, The Red Flag, and the Liberation Army Daily.

At the same time, one of Deng's important reform policies has been newly put under threat—a clear sign that the bureaucrats are stepping up the struggle against him.

The growing power of the party bureaucrats is revealed in the sudden erosion of one of Deng's most important policies, the raising of education standards.

This was to be achieved through the institution of "key"—elite—schools, together with streaming in primary and secondary schools, intended to speed up the training of bright children to help modernise China.

Shandong Province has now banned all classification of students based on academic results. In Qinghai, local officials have complained that the "key schools" system was hampering educational development and many have been abolished.

This followed an ominous People's Daily article at the end of October which said that "education must serve proletarian politics."

If this egalitarian trend continues, prospects for the development of China's economy may be seriously harmed. China already lacks skilled managers and researchers and even its current education programme is regarded by many as too little and too late.

The sudden confrontation between Deng and the bureaucrats is underlined by a new crackdown on religion. In Fujian Province, the local newspaper has said that it was "absolutely impermissible" for party members to believe in religion.

This contrasts sharply with previous post-Mao official toleration and even encouragement shown to believers in Fujian and elsewhere in China.

Bright Star 'anxiety for Gadaffi'

By Ihsan Hijazi in Beirut

LIBYAN AXIETY over "Bright Star"—the projected joint military exercises by the U.S. and Egypt due later this month—is a main reason for the abrupt decision by Col Muammar Gadaffi to recall Libyan troops from Chad, according to Arab diplomats.

They believe the Libyan leader is now eager to have the bulk of the 10,000 troops serving in Chad back in Libya by the time the Bright Star exercises get underway.

The diplomats referred to Libyan charges, made by officials and media, that Bright Star, to be joined also by the Sudan, Oman and Somalia, all hostile to Tripoli, will merely "camouflage a conspiracy to destroy the Libyan régime."

The Libyan state-run news agency, Jana, claimed yesterday that the U.S. B-52 bombers which are to take part in the exercises, will attack selected targets inside Libya where Col Gadaffi may be present.

It reproduced recent reports in the Lebanese and foreign press that an invasion of Libyan territory is planned between November 10 and 15.

Mark Webster adds from Paris: The French Government yesterday continued intense negotiations with African leaders over the composition of a pan-African peacekeeping force for the central African republic of Chad.

Mark Webster reports on the Franco-African Summit in Paris

France lets Africans do the talking

THE LADY from Senegalese television put her question directly to France's President Francois Mitterrand: "You keep talking about the new style you will introduce in France's relations with Africa. But where is the evidence that anything has changed?"

With a slight smile and only a hint of condescension, M Mitterrand gestured to the two African heads of state on either side of him. "I think you ought to ask the others that question," he said.

In a sense, it was the answer to her question. M Mitterrand was addressing a press conference at the end of the two-day Franco-African summit in Paris on Wednesday. From the start, he wanted to show the 33 countries represented at the meeting that his Government would not subscribe to the openly interventionist policies of his predecessors. M Mitterrand wanted the African leaders to do the talking while France got on with the back-room work.

The summit appears to have vindicated his new style. The meeting attracted more heads of state (20 from Africa) and more observers than any of the previous seven. It was also complemented by the dramatic gesture of Libya's leader, Colonel Muammer Gadaffi when he announced the immediate withdrawal of his 10,000 troops from Chad.

The Libyan decision served to turn an otherwise amicable but unproductive gathering into a vital forum for discussion of the fast-moving situation in Chad.

The African leaders were careful to stress afterwards, though, that the meeting could not ultimately solve the problem of forming pan-African peacekeeping force. This was the responsibility of the Organisation of African Unity (OAU) and its chairman, President Daniel arap Moi of Kenya.

The coincidence of the Libyan withdrawal with the summit meant that much more time was taken up with a discussion of Chad's affairs than had been planned. The final texts adopted by the countries attending the meeting—there was no communique—tried to stress the importance of agreements on economic matters such as commodity accords. But no one was fooled.

There was also a brief diversion on the subject of Namibia, where the French are keen to play a more active role than in the past. For the time being, Paris is as anxious as the other four members of the contact group—the U.S., Britain, West Germany and Canada—to make it look like a joint effort, although M Mitterrand puts more emphasis than the U.S. on pressing ahead to an early independence date.

The only substantive achievement, however, was the progress on Chad, although even that may prove a mixed blessing. The rapidity of the Libyan withdrawal has heightened Western suspicions that Col. Gadaffi wishes to see anarchy descend on Chad again as proof that only his forces were holding the country together.

President Govkovni Oueddel

The French Government is well aware of that possibility. Since last month's Cancun Summit in Mexico, M Mitterrand has been promising French logistical and financial support for the reconstruction of Chad and the establishment of an African force to replace the Libyans.

Time is now so short that there is concern that it will not be possible to put together an effective armed force before Mr Hissein Habre, the rebel leader defeated with Libyan help, seizes the initiative and heads back for the Chadian capital, N'djamena.

Although he has suffered further heavy reverses since the Libyan-backed forces loyal to President Goukouni Oueddei drove him from the city in December 1980, Mr Habre still has several thousand men. He also has the active support of the governments of Sudan and Egypt who back him for his anti-Libyan stance.

The idea which the French are trying to sell to the African leaders is that an observer team should go to Chad immediately to keep outside opinion informed on what is going on and offer some assistance to the otherwise fragile government of Mr Goukouni. The hope is that such a force would at least partially fill the power vacuum which the Libyan withdrawal will create.

The big test for M Mitterrand's lower profile approach may come if the OAU proves itself incapable of putting together, arming and disciplining a force for Chad. M Mitterrand has repeatedly said there is no prospect of French troops returning to Chad. At the same time, the French Foreign Ministry does not disguise its scepticism about Africa's ability to organise a force given the previous unsuccessful attempts by the Nigerians and the Congolese to keep the peace in Chad.

For the time being, M Mitterrand can count on his honeymoon with African leaders lasting.

Although the dangers of open involvement are obvious, many of France's best friends in Africa expressed their concern at the Libyan presence and looked to Paris for support. The French could again find themselves drawn into the chaos of Chad against all their better inclinations.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Now for 1982 we're introducing power-assisted steering as standard on all our big Volvo saloons and estate cars.
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Re-export trade with Iran appears to have collapsed after reaching a plateau

Why the wind went out of Dubai's sails

BY PATRICK COCKBURN, RECENTLY IN DUBAI

"Last year you could see dhow after dhow leaving for Iran with everything from video cassette recorders to steel bars," observed a businessman in Dubai recently, "but over the last six months the boom has collapsed."

Shortage of foreign currency in Iran to pay for imports, tighter Iranian Government restrictions on what can be imported and the chronic port congestion have combined to reduce Dubai's re-export trade to its neighbours on the north side of the Gulf.

One vessel has just returned to Dubai almost 200 days after it first joined the queue for berths at the main southern Iranian port of Bandar Abbas. Another, with oil products, was delayed 108 days.

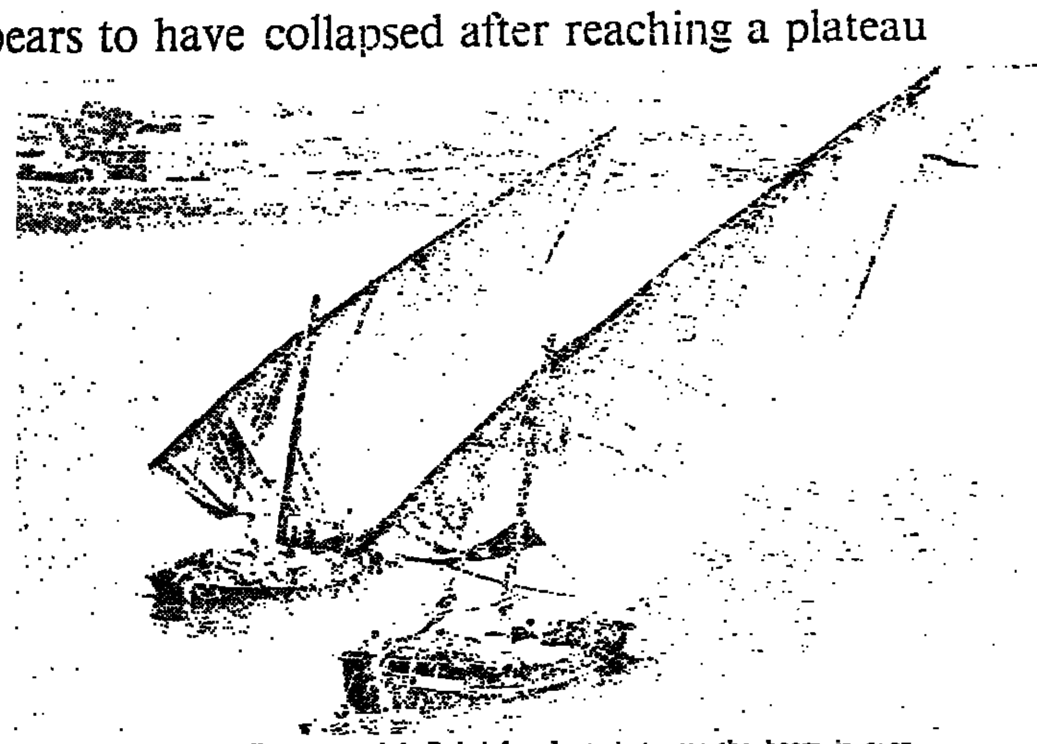
This is a blow to Dubai. The recent hostages crisis, the imposition of sanctions against Iran and the outbreak of the Iran-Iraq war had all helped to develop the re-export trade of the United Arab Emirates, notably that of Dubai and Sharjah. The market within the UAE, with a tiny population of 1m, has reached a plateau and the opportunities for expansion seemed to lie in Iran, with 36m people.

Initially trade boomed. Food such as rice, sugar and tea, white goods, small engines and spare parts, tyres and inner tubes were all shipped across. Dubai also benefited from the Iranian passion for U.S. Winston cigarettes, 8m of which were found on a wrecked launch caught in a storm on its way to Iran.

One vessel containing 8,900 tons of lubricant oil worth $2.5m even disappeared on its way to Bandar Abbas and was eventually discovered by detectives off Singapore. The shipping agents involved revealed "over 20 similar consignments from the U.S. to Iran had been transshipped through the UAE earlier," verifying the ease of dodging U.S. sanctions.

For the whole of last year the official figures put re-export trade to Iran as worth $345m (£182m), far more than to any other country. But officials estimate that the real figure may be twice as high. Few dhows and other small ships on their way to Iran declare their cargoes, nor is it known how many dhows there are.

The Iran trade got a further boost from the outbreak of the Iran-Iraq war which forced the Iranians to rely almost entirely on their main southern port at Bandar Abbas because their two main northern ports at Khorramshahr and Bandar Khomeini could no longer be used effectively.



Scores of dhows once left Dubai for Iran: but now the boom is over

With 66 berths at Jebel Ali, southwest along the coast from Dubai, and another 33 at Port Rashid in the city itself, Dubai was well placed to re-export to Iran.

Today, however, most of the dhows are tied up three abreast alongside the wharf in Dubai. Some businesses have been left with heavy stocks of unsold goods. The market for consumer electronics is down by 35 per cent from a year ago, according to one businessman, mainly because of Iran. Textile sales have also been hit.

On top of congestion at Bandar Abbas, shortage of foreign exchange and restrictions on luxury imports the Iranians are on occasion demanding that goods come direct from the country of manufacture rather than through an entrepot like Dubai. This is apparently an attempt to cut out the middleman.

The depression in the Iranian trade is likely to be long-term. Iranian foreign currency reserves are down to $2bn, and last month the Central Bank in Tehran even stopped approving letters of credit for imports of New Zealand lamb.

Indeed the developing area for the UAE ports is now no longer Iran but the transshipment of construction materials and other goods to Iraq. These are landed in the UAE and other ports and then sent overland to Iraq via Saudi Arabia and Kuwait.

Nevertheless, the growth in the number of restrictions imposed by the Iranians has led to an increase in smuggling.

Malaysia postpones British mission

By Paul Cheeseright, World Trade Editor

THE LONDON Chamber of Commerce and Industry has become the first public casualty of the Malaysian Government's policy restricting the purchase of British goods.

An export mission, led by Lord Jellicoe, the chamber's president, originally planned for next week, has been postponed indefinitely, the chamber said yesterday.

The postponement was foreshadowed towards the end of last month when Malaysian officials indicated that the time for the mission was not opportune.

Malaysian policy, spelt out by Dr Mahathir Mohamad, specifies that all British tenders for the supply of goods to official agencies have to be scrutinised by the Prime Minister's Department. To be accepted, British bids would have to be exceptional, Dr Mahathir has said. Where possible contracts will be offered to alternative suppliers.

British diplomatic response to this policy has been, and is likely to remain, low key. Direct approaches to Dr Mahathir have been ruled out, but contacts with senior members of the Malaysian Government are still in place.

Japan call to cut tariffs on European imports

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

JAPAN'S Ministry of International Trade and Industry (MITI) is "urging" the reduction of tariffs on manufactured products of special interest to European exporters such as biscuits and chocolate confectionery, Mr Rokusuke Tanaka, the MITI minister told a meeting of European and Japanese businessmen yesterday.

Mr Tanaka, who was speaking at a symposium on Japan-EEC economic relations sponsored by MITI and the EEC commission, said that MITI "really hopes the tariffs will come down."

He referred to tariff reductions as one means by which Japan might be able to tackle the problem of its allegedly inadequate imports of manufactured goods.

According to figures cited by another symposium speaker, Japan's per-capita imports of manufactured products were worth $260 last year compared with $625 for the EEC and $577 for the U.S.

Other speakers at the Japan-EEC symposium — organised with the Financial Times and Nihon Keizai Shimbun — included Viscount Etienne Davignon, the EEC Commission Vice-President, Sir Fred Warner of the European Parliament and Mr Tadashi Kuranari, chairman of the Japanese-EEC Parliamentary Commission.

Viscount Davignon argued in favour of a "speed limit" on the pace of social and economic adjustment in Europe and emphasised that European industry would have to be able to "count on" moderation by Japanese exporters while this speed limit was observed "otherwise Japan cannot count on the European market."

Sir Fred Warner urged his Japanese listeners to accept the reality of a United European public opinion as a factor in political and economic relations between Japan and the EEC. He also warned that, to most people in Europe, the Japanese market seemed closed.

● China has asked Japan for loans totalling about Y80bn (£138m) for fiscal 1981 ending next March, to help complete development projects, a Japanese Foreign Ministry official said.

The Chinese request was made at China-Japan talks which ended in Tokyo yesterday.

Ministry officials said the Japanese Government agencies concerned, including the Finance Ministry, are studying the request and a final decision is likely before a Sino-Japanese ministerial conference to be held in October.

The requested amount includes about Y30bn in commodity credit which China wants to switch to part of a proposed Y300bn economic aid that Japan has already agreed in principle to supply, to help China resume construction of some industrial plants, the Foreign Ministry said.

Ministry officials said the Y300bn aid agreement to help China resume construction of a Baoshan steel mill and a petrochemical complex at Daqing, suspended last January, is also expected to be concluded at December's ministerial talks to be held in Tokyo.

Spain holds talks with Latin America

By Robert Graham in Madrid

KING JUAN CARLOS yesterday opened a two-day ministerial conference aimed at improving commercial, technological and financial links between Spain and Latin America.

The conference is the first attempt to examine such commercial ties and specific attention is being devoted to the consequences of Spanish entry into the EEC.

The immediate outcome is expected to be a joint declaration that will try to establish a form of institutionalised dialogue between Spain and Latin America to discuss trade, technology and finance.

The conference, attended by 13 Latin American states has been organised jointly by the Madrid-based Latin American Co-operation Institute (LCI) and the UN Economic Commission for Latin America (Cepal).

Latin America absorbs 10 per cent of Spain's total exports, equivalent to $2.2bn (£1.1bn). Meanwhile, Latin America exports goods to Spain worth $3.5bn, equivalent to just over 2 per cent of the area's total exports. Although the percentage share of Latin America in Spain's exports has declined by two points in the past decade, the volume of trade has increased seven-fold.

Spain's overall share in Latin American trade on the other hand, has risen gradually and has increased eight-fold in the last 10 years.

The type of goods sold has varied little. Spain sells mainly manufactured goods while Latin America sells primary products and foodstuffs. The one change has been the rise in oil imports (from Mexico and Venezuela by Spain.)

A document prepared for the conference gives detailed analysis of the effects which Spain's entry into the EEC will have on this trade. The document's main conclusion is that strict application by Spain of the existing Common Agricultural Policy (CAP), will involve the raising of restrictions on Latin American foodstuff imports, especially meat, wheat and maize.

At current prices, some $380m worth of trade is liable to be adversely affected.

Common stance for MFA conference

By K. K. Sharma in New Delhi

MORE THAN 20 textile exporting developing countries yesterday agreed on a common stand to be taken at the forthcoming Geneva conference on a new Multifibre arrangement (MFA) and expressed their determination to resist further restrictions by industrialised countries on their exports.

The four-day conference of the developing countries will present a common draft to the Geneva conference which is to begin on November 18 under the auspices of Gatt (the General Agreement on Tariffs and Trade). In particular, they will resist attempts to impose bilateral agreements on them by the developed countries.

The details of the draft have not been disclosed but a spokesman said yesterday that the developing countries were particularly bitter over the attempts of the EEC and the U.S. to circumscribe the liberalisation of international trade in textiles and this would be resisted.

A statement issued at the end of the conference said that it was noted that the EEC did not yet possess a mandate for the negotiations at Geneva. This was considered "unfortunate" since the present MFA expires at the end of December.

The developing countries hoped that the EEC would come to the resumed negotiations with a mandate which would reflect a positive movement towards more access to their markets for exports from the developing countries.

The statement said this would call for effective political will on the part of the community leaders to resist the pressures from their protectionist lobbies.

Zakhem International

THE $26m contract to provide pipelines for the Nairobi City Council's Chanai-Kimakia water project has been won by Zakhem International Construction of the Lebanon, not Zakhem Construction Services of London, as reported on October 12. Some, but not all, of the material and manpower for the contract will come from the UK.

Lockheed considers ending production of TriStar

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

UNLESS THE world recession ends soon and orders for the Lockheed TriStar improve, Lockheed may be obliged to end production of the airliner, which uses Rolls-Royce RB-211 engines.

Mr Roy A. Anderson, chairman of Lockheed, said in California that during the past nine months, only five aircraft had been ordered, with orders for another three cancelled. Unfilled orders on September 27 amounted to 32 aircraft, compared with 47 at the end of 1980.

The company was trying to maintain the programme by intensified marketing, but was forced to study the effect of a prolonged market depression.

The immediate goal was to book additional near-term orders, and to assess the potential for an alternate engine programme, using General Electric or Pratt and Whitney engines on the airliner as well as Rolls-Royce RB-211s.

TriStar programme losses for the third quarter of this year were put at $34m (£18m), bringing the nine months' loss to $104m.

Overall, Lockheed's financial position was better, with net earnings for the third quarter amounting to $20.6m against $16.4m for the same period in 1980. Programmes other than TriStar had produced profits before other income, interest and taxes, of $117m for the third quarter, and $323m for the nine months.

Which ? issues guide on how to buy a cheaper car abroad

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE Consumers Association today joins the controversy over personal car imports to Britain by people wanting to take advantage of lower continental prices.

An "action kit" issued by the association offers a step-by-step guide on how to import a car from another European Community country. It also explains how people can join the campaign against changing present arrangements to the consumer's disadvantage.

The association's intervention will embarrass the Government which seems to feel that BL and Ford of Britain, in particular, would suffer from any general lowering of car prices because their manufacturing costs are higher than those of their continental rivals.

The growing number of personal imports is causing anxiety among some official importers, particularly those of prestige cars such as BMW, Mercedes, Volkswagen-Audi and Volvo.

BMW and Mercedes own their import businesses in Britain, the VW-Audi importer is a Lonrho subsidiary while Volvo cars are imported by the most profitable company within the Lex group.

The Consumer Association's latest Which? report points out that net prices of cars in the UK (minus all taxes, delivery charges and optional extras) are "just about the most expensive in the EEC." Prices are high because car makers charge what the market will bear and Britain has traditionally accepted high prices.

BL has pushed up the price of its best-selling Metro by 11 per cent in the year since it was launched while Ford has added 20 per cent to the cost of the new Escort in its first year.

In addition, the association maintains, dealers in the UK put a mark-up of about 20 per cent on a car. In many EEC countries margins are nearer to 10 per cent.

There have been indications that the Government might change the rules on personal imports.

The Society of Motor Manufacturers and Traders would like the regulations changed so that a car would have to be driven for six months on continental roads before it could qualify for personal importation. At present the car need be driven only from the continental dealer's showroom to the port to qualify.

Mr David Howell, Transport Minister, said recently that he was reviewing arrangements for personal imports to ensure they gave adequate safety cover.

Copies of the association's personal car import kit are available from Action Cars, Consumers Association, 1 Caxton Hill, Hertford SG13 7LZ. A large stamped-addressed envelope is required.

COMPARISON OF BASIC PRICES (NET OF TAX) AS PERCENTAGE OF THE HIGHEST PRICE

Make and Model	DK	LUX	B	NL	D	F	IRL	UK
Alfasud Super 1350	49	71	70	63	71	76	85	100
Audi 80 GLE	54	55	59	60	63	62	64	100
BMW 320	52	71	72	69	72	79	87	100
Citroen GSA Club	53	73	73	70	77	83	81	100
Citroen CX 2400 Pallas	49	56	64	66	65	62	85	100
Fiat 127 Sport	52	71	70	69	72	83	84	100
Fiat 132 2000	46	70	70	64	71	72	91	100
Ford Escort 1.3 L	54	66	69	65	70	73		100
Ford Granada 2.3 GL		54	57	57	58	66	69	100
Honda Prelude	63	67	67	64	75	73		100
Jaguar XJ6 4.2 Auto	67	62	66	62	71	73	86	100
Lada 1200 Estate		64	63	76	87	80		100
Mazda 323 GT 1.5	60	62	66	64	68			100
Mercedes 230 E	69	66	67	72	63	75		100
Mini City 1000		58	60	62	64	68	99	100
Mini Metro HLE			65	64	69	70	76	100
Opel Kadett 1.3 SR	55	62	62	65	67	72		100
Peugeot 305 GLS	48	74	76	74	74		86	100
Renault 5 GTL		68	68	67	70	75	82	100
Renault 20 TS		66	66	64	67	68	69	100
Rover 3500	46	55	54	59		61		100
Talbot Horizon 1.3 GL	53	56	58		60	69	68	100
VW Polo L	50	71	66	69	72	71		100
VW Golf 1.5 GLS Auto	59	64	64	67	67	72	76	100
Volvo 343	60	72	75	68	82	80	84	100
Average	55	65	66	66	70	72	82	100

Source: Bureau Européen des Unions de Consommateurs (BEUC)

Welsh bid for more tourist trade investment

By Robin Reeves, Welsh Correspondent

A DRIVE to increase financial investment in the Welsh tourist industry was launched by the Wales Tourist Board in Cardiff yesterday.

Mr Harold Naylor, the board's chief executive, said that, given an adequate flow of investment in new tourist facilities, Welsh tourism could create 25,000 jobs by the 1990s.

In spite of the difficult economic climate, world tourism was maintaining a steady 4 per cent per annum growth rate. He said some £1.5m was being invested by small operators on modernising hotels and other tourist facilities in Wales.

Lord Gordon Parry, chairman of the board, said tourist attractions did not have to be invented in Wales —they were there in abundance.

Study forecasts rise in young jobless

BY LORNE BARLING

YOUTH UNEMPLOYMENT will reach unacceptably high levels by 1983, according to a study carried out for the Confederation of British Industry and National Westminster Bank on job prospects in three sample areas.

In Redditch, the Midlands new town, it is predicted that 74 per cent of young people will be unemployed within two years, in spite of its relatively good industrial prospects.

In Preston, Lancs, youth unemployment was expected to rise to 66 per cent and in the London borough of Southwark to 42 per cent.

The study was designed to provide a cross-section of industry. It was commissioned by the CBI and financed by NatWest.

PA Management Consultants, which carried out the survey work, said many employers had decided to limit or stop recruiting 16 to 18 year olds because of their lack of responsibility and reliability, poor "value for money," and basic lack of literacy or numeracy.

"Whatever the validity of these reasons, it is clear that school-leavers in all three areas find themselves at a distinct disadvantage in competing in the local employment market," said the report.

In Redditch, it was estimated that 650 jobs would be available for 2,550 young people leaving school next year and during 1983. This would mean 1,895 or 74 per cent likely to be without a job by the end of 1983.

"Despite the profoundly different characteristics of the three areas covered, there is a strong thread of similarity in our findings regarding employment prospects" the report said.

LORNE BARLING looks at a study of job prospects in three sample areas which found that many employers had stopped recruiting 16 to 18-year-olds because of their "poor value for money" and lack of reliability.

Its forecasts were consistent with those of Warwick University's manpower research group, which showed UK unemployment averaging 3m in 1983, with no significant improvement to 1985.

The total number of unemployed in Redditch is expected to rise from about 4,545 to 5,710 by 1983, but the increase in the other two areas is expected to be less severe, at about 10 per cent.

The report said these forecasts are likely to represent the most favourable situation, as companies' views regarding growth in output were "based as much on hope as on rational expectation."

Many companies were clearly able to increase output considerably by using existing capacity without increasing labour forces.

Few employers were aware of the specific local scale of unemployment problems, or of government schemes to alleviate its effects. Many found the schemes too demanding on management time.

"It is becoming increasingly difficult to satisfy trade union worries about job substitution (particularly when redundances are in prospect) and Manpower Services Commission staff often appear to be inexperienced and ill-briefed for their dealings with unions," the report said.

It was suggested that employers would respond favourably to well-planned local action on unemployment if the problem was approached in a more positive, committed and co-ordinated way.

Measures would have to be directed towards the locality's long-term needs rather than alleviating short-term difficulties. They would have to be administratively practical and simple while committed to achieving good results. They should not involve employing inadequately-trained or unnecessary staff.

The report recommended that employers in each area should take the lead in establishing—with the co-operation of local authorities, educational authorities and other relevant organisations—special training and re-training to spearhead job creation.

"This proposal represents a major and radical change compared to the present situation" the report said. "It will not be accomplished easily, but we are convinced that there exists among employers the good will and commitment necessary to launch such an initiative."

It would necessarily involve the support of a large number of local employers, focusing attention on specific local needs, and the flexible provision of Government funds.

Report on Town Studies: Redditch; PA Management Consultants.

Bank backs moves for umbrella body

By Christine Moir

THE Bank of England is backing efforts to draw all investment management organisations in the country into a formal association operating according to a detailed code of practice.

Yesterday, the embryo Association of Licensed Dealers in Securities announced plans to change its name to the National Association of Security Dealers and Investment Managers.

Mr Robin Hodgson, the chairman, said the changes have been "*fully discussed with the* Bank of England and have its endorsement as a constructive development."

The Bank confirmed it was encouraging investment management groups to join the *association which has been restricted* to Licensed Dealers in Securities.

The Bank of England was active in the original formation of the ALDS. When the Bank set up the Council for the Securities *Industry in 1978* as the City's top watchdog, it reserved a place for an association of dealers who operate under Department of Trade licences even though such an association had not then been formed.

Since then, a series of scandals among fringe licensed dealing and investment management groups have highlighted the absence of effective statutory or self-regulatory controls over this growth industry.

One of the most well publicised scandals involved Norton Warburg, a small investment management group which collapsed losing sizeable funds to clients, including some former employees of the Bank of England.

The Bank has promised to compensate employees who suffer losses as a result of the Norton Warburg collapse.

Meanwhile, the Government has also bowed to City pressure to overhaul the antiquated Prevention of Fraud (Investments) Act which is the only statutory instrument for investment management. Pressure was spear*headed by the ALDS which has* submitted detailed proposals for new classes of orgainsations authorised to manage other people's money.

The classes would include licensed dealers in securities, investment managers and other investment agents such as insurance brokers who also adivse on pension funds.

In the light of this the Bank has agreed that the ALDS should be broadened to encompass investment managers and agents.

The new move is so far only a structural one. The ALDS has only 50 members and it remains to be seen whether it will attract *the established* investment management groups—within the merchant banking fraternity, for instance.

Rate referendum rule stiffened

BY ROBIN PAULEY

THE GOVERNMENT has decided on a major change to its plans to limit local authority rate rises. It now proposes to force councils wanting to spend more than a prescribed amount to hold a referendum before the council can levy the first supplementary rate of the year rather than before levying the second, as originally planned.

This significantly tougher clause in an already controversial piece of legislation is expected *in the Bill* due to be published today. The Cabinet had decided that even if the late switch was not included in the published Bill it would be introduced by a government amendment during the parliamentary passage.

The original proposal was to limit the amount a council could levy in the first rate call in the spring. If a council wanted to spend more it could levy a limited supplementary rate in July, subject to a differential giving relief to non-domestic ratepayers and passing a greater share of the burden on to domestic ratepayers.

If a council wanted to spend more it would need a second supplementary rate in the autumn but this could be levied only after a referendum.

The new plan is to limit the first rate call in the same way. Any council wanting to spend more than that will need to hold a referendum in the early summer before the first supple*mentary rate demand can be* sent out in July. But this will still be limited and very high spenders will still need a second supplementary in October.

The reason for the change, which is certain to make the legislation even more controversial, is that the Government feels that if there is going to be a problem about a council's finances it is better to know about it as early as possible.

An early referendum also sharply reduces the possibility of councils to budget for a deficit. The Government had become worried about the possi*bility of councils borrowing and* spending a year's income in seven months on the basis of expecting to win the referendum. If the council then lost the referendum the resulting financial crisis would *require yet more borrowing.*

In addition the council might decide, as one or two Labour leaders have threatened, to pass the running of the council and its deficit over to the Environment Department.

If a council's budgetary plans indicate that the first rate call will be insufficient, an early referendum makes it much more difficult for councils bent on confrontation to adopt these tactics. Another alternative was to hold the referendum in March, before the initial rate was set.

*The new feferendum pro*posed means the Government will have to allow a substantially higher threshold of expenditure above its assessment of how much councils need to spend if it is to stick to its *stated aim of catching only a* handful of councils in the referendum trap, at least in the first year.

Gas Board chief sticks to anti-sale stand

BY RAY DAFTER, ENERGY EDITOR

A DEFIANT Sir Denis Rooke, chairman of British Gas, was carpeted yesterday by Mr Nigel Lawson, the Energy Secretary, for opposing Government plans to sell parts of the corporation.

As he left the meeting Sir Denis indicated that he stood *by the* Gas Corporation's statement that earned him the rebuke. "The statement stands —I did not withdraw it," he said.

Sir Denis was summoned by Mr Lawson after a lengthy *statement had been issued* immediately after the Queen's Speech which outlined Government plans for disposal of British Gas assets such as offshore oil reserves and retail showrooms.

The staement criticised the Government's proposals for what the corporation saw as the "piecemeal break-up of an economic structure which has a proven record of success."

Neither Sir Denis nor Mr Lawson would indicate the nature of their discussions, which were believed to be frank but amicable.

"I have nothing to add to the statement put out yester*day*," said Sir Denis, adding, "I do not usually disclose what I say in private talks with the Secretary of State."

It was expected that Mr *Lawson would rebuke Sir Denis* for open opposition to Government policies.

Sir Denis was expected to explain that the corporation had acted in the interests of its customers, with the full backing of *full-time* and part-time board members.

Last night it was not clear whether Sir Denis would continue to speak out against the privatisation plans.

Within the gas industry the meeting was regarded as a trial of strength with Mr Lawson, newly-appointed as Energy Secretary, seeking to exert his authority over Sir Denis, who has a reputation for bullying Ministers and civil servants.

But it is understood that throughout the brief discussion there was no mention of resignations or sackings. Neither was there a row.

Sir Denis, who has warned about the effect of uncertainties on the morale of staff, has now lost Dr Victor Colter his chief geologist.

It was announced yesterday *that Dr Colter was joining an* independent company, Floyd Oil Participations, as an executive director. The company said Dr Colter—"one of the finest oil geologists in Britain"—would become managing director in due course.

Dr Colter said his departure and the latest controversy over privatisation were coincidence. *He was joining Floyd in a more* senior position which offered the prospect of exploration in the East Midlands, where he had a keen interest, and North America.

But it is understood that Floyd decided to approach Dr Colter in the knowledge that British Gas Corporation's oil interests might be sold off. The corporation has already been ordered to sell its 50 per cent *stake in the Wytch Farm Field*, Dorset, with which Dr Colter has been closely associated.

North Sea oilfield development hopes rise

BY RAY DAFTER

PROSPECTS FOR a new North Sea oilfield development project, probably costing hundreds of millions of pounds, have been raised by the drilling of a successful appraisal well.

A group of independent companies, led by North Sea Sun Oil said yesterday results from the well, drilled in block 16/21, about 150 miles north-east of Aberdeen, had considerably enhanced development prospects.

The field would be named shortly, the company said. The latest well had flowed oil at *rates of up to 5,450 barrels a* day.

The well was drilled in the Alpha sector of block 16/21, to appraise discoveries made in 1-975 and last year. Two tests were carried out.

The first test, conducted between 7,120 ft and 7,137 ft, flowed oil at a rate of 3,800 b/d. This oil was reasonably light and of high quality, with a specific gravity of 35.9 degrees API (American Petroleum Institute).

The second test identified lighter oil, of 39.8 degrees API, at a depth of 7,066 ft to 7,095 ft. This test produced the flow rate of 5,450 b/d. Mechanical problems prevented testing of reservoir rock at a lower depth.

North Sea Sun said engineering and reservoir studies were almost complete. Together with the results of the British National Oil Corporation's well, being drilled on the Beta sector of block 16/21, the information would be used in an evaluation of development prospects.

Interests in block 16/21 Alpha are: North Sea Sun (62 per cent); Union Rheinische (15 per cent); Clyde Petroleum (13 per cent); Hautpas (a Bowater subsidiary), (5 per cent); and Hampton Gold Mining Areas (5 per cent).

European Court to study Equal Pay Act

BY OUR LAW COURTS CORRESPONDENT

BRITAIN'S Equal Pay Act is to be scrutinised by the European Court in Luxembourg to see if it accords with a European Commission directive on equal *pay for work of equal value.*

The Government has been taken to the court by the Commission in the first equal pay case concerning a member-state's alleged non-compliance with a directive issued by the Commission.

The first, oral, stage of the proceedings is expected later this year, with a final stage next spring.

The Commission's main complaint is that the Equal Pay Act allows a woman equal pay only when she is doing "like work" to a man, or where her work has been rated as equivalent to his under a job-evaluation scheme. The Act does not oblige employers to carry out such a scheme.

The Commission's equal pay directive was issued in 1975. In 1979 the Commission found that, except in Italy and the Republic of Ireland, where new laws had been adopted, national laws to guarantee equal pay were deficient.

As a result, infringement proceedings have been started by the Commission against the UK, *West Germany, France, Belgium* The Netherlands and Luxembourg.

Three British equal-pay cases, involving individual workers, have been dealt with by the European Court. Two more are pending, both concerned with benefits linked to retirement.

In one a challenge will be made to British Rail Engineering's concessions scheme, which allows male and female em*ployees reduced fares for them*selves and their families on equal terms until retirement but takes the concession away from women's families after retirement.

The second case involves British Rail's voluntary redundancy scheme, for which women can qualify at the age of 55 while men have to wait until 60.

Both cases are due to come before the European Court this year.

CBI plea for technical tax Bill

By David Freud

THE CONFEDERATION of British Industry has urged the Government to introduce a Bill to remove anomalies in the tax system.

The proposed Technical Taxation Bill would be considered by Parliament at a different time to the Finance Bill — in which all tax changes are included under current practice.

Sir Raymond Pennock, CBI President, said in a letter to Sir Geoffrey Howe, the Chancellor, that such a Bill would help clear up a number of technical tax matters which in the past have been precluded from securing a place in the Finance Bill by the pressure on legislative time and space.

Revenue challenges Burmah tax relief

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE Inland Revenue made a last attempt in the House of *Lords yesterday to overturn a* scheme devised by Burmah Oil, which gave the company a £159m allowable loss for capital gains tax purposes.

The scheme, effected in 1972, involved two circular transactions between Burmah and some of its subsidiaries. The Revenue challenged the scheme, but lost before tax commissioners in 1978 and again before the Scottish Court of Session last year.

The Lord Advocate, Lord Mackay of Clashfern, QC, for the Revenue, told the Law Lords yesterday that the issue was whether, on the disposal of its shareholding in a *liquidated wholly-owned* subsidiary, an allowable tax loss accrued to Burmah.

In 1969 Burmah sold its shares in BP to OMDR Holdings (Holdings) for £380.6m, which was left as a loan to Holdings. In 1971, when the BP stock had fallen in value to £220.6m, it was sold back to Burmah, leaving Holdings owing Burmah £159m.

Burmah took legal advice on how it might obtain tax relief for its commercial loss. Two transactions were devised.

Manchester Oil Refinery Holdings (*MORH*) borrowed £159m from Burmah, lent it to Holdings, which used it to repay its debt to Burmah.

Secondly, Holdings made a one-for-one rights issue to its sole shareholder, Burmah. Holdings used the £159m raised to repay MORH, which used it to repay its debt to Burham. Holdings was then liquiated.

Burmah then claimed that, in computing the chargeable gain *or loss that resulted from the* liquidation of its shares in Holdings, it was entitled to deduct the £159m paid for the new shares.

The hearing was concluded. The Law Lords will give their *decision in about four weeks.*

Private housebuilding starts show rise over 1980 levels

BY ANDREW TAYLOR

PRIVATE SECTOR housebuilding starts have increased by just over 20 per cent in the first nine months of this year, according to Environment Department figures published yesterday.

The House-builders Federation said private housebuilding was better than expected in the third quarter but recent discussions with builders suggested the level of private *housing starts could fall sub*stantially in the fourth quarter.

The building industry is concerned at the impact a record 15 per cent building society mortgage base rate may have on new housing demand. A number of housebuilders have offered prospective purchasers preferential mortgage arrangements to maintain sales.

A 20 per cent increase in housing starts would lead, if maintained, to about 117,000 private sector housing starts in 1981 compared with 97,400 last year. In 1979 private starts reached 144,000 against 157,000 in 1978.

The Environment Department figures show private sector housing starts in the third quarter were 43 per cent higher than in the same period a year ago and 5 per cent up on the previous three months.

By comparison, public sector starts in the third quarter were 10 per cent higher than in the previous three months but 31 per cent lower than in the same period last year.

Electra Risk Capital given £8.6m start by investors

BY TIM DICKSON

MORE THAN 1,800 individual investors have subscribed £8.6m to Electra Risk Capital, a new subsidiary of Electra Investment Trust launched at the end of September to take advantage of tax incentives under the Government's Business Start Up Scheme. The average individual holding is £4,700.

Electra was originally due to get off the ground in April this year but because of the poor response from investors, the *venture had to be called off.*

Electra subsequently went back to the drawing board and came up with a new venture which takes advantage of the provisions of the 1981 Finance Act. (Mark One was restricted to the less attractive incentives of the 1980 Finance Act.) The new venture allows tax relief at an individual's top marginal tax rate on investments up to £10,000 a year in "qualifying" new businesses.

Electra said in September that it needed £5m to get off the ground—commitments were entered into with stockbrokers to procure this amount—and that the most the company could handle was £15m.

"Personally I think this is a good effort," Mr Michael Stoddart, chairman of ERC said yesterday. "We had no yardsticks by which to judge the likely response but this is now one of the biggest venture capital funds in the country."

Mr Stoddart said that ERC was currently studying about 100 propositions from new com*panies* and added that he would welcome more. He was not able to say, however, how much of the fund would be invested by the end of this financial year.

● The Basildon Fund, a smaller but similar scheme for taking advantage of the Business Start Up provisions, just pipped Electra to the post but has not yet formally announced the level of subscriptions.

Stockbrokers Laurence Prust, which sponsored the fund, said at the time that it was aiming for between £500,000 and £1.5m. More than £1m is understood to have been committed so far.

Venture capital companies reveal investment details

BY TIM DICKSON

TWO RECENTLY established venture capital companies have announced details of their latest investments.

Venture Founders Capital, a £2m company whose shareholders include Scottish American and investment trusts in the Murray Johnstone group, revealed yesterday that it has invested £360,000 in FormScan, a Somerset-based business which has developed new products for the word-processor market, and £100,000 in Churchill Family Holidays, of Bromley, Kent, a new holiday group which has just introduced air package tours specially tailored for families.

FormScan, in which VFC is taking a 15 per cent equity stake, has been going for five years while Churchill, in which VFC is taking 37 per cent of *the shares*, is new.

VFC, which was set up in 1980, is advised by Venture Founders, the British subsidiary of the Boston-based Venture Founders Corporation of the U.S.

"The management teams of the two companies that VFC is backing have the entrepreneurial flair and the ambitious development plans for long-term growth that attracts *venture capital*." Mr Brian Haslett, managing director of Venture Founders said yesterday.

Commenting on VFC's rationale for investment in Churchill, Mr Haslett said: "A *myth has arisen in this country* that all venture capital investments are ear-marked for high technology companies.

Most venture capitalists, Mr Haslett added, were not pursuing a policy a policy of "chips with everything."

Advent Technology, on the other hand, the £10m Edinburgh-based fund formed in April this year, has made its first investment in line with its specific objective of creating and promoting the growth of high technology business.

Advent announced yesterday that it has bought a 40 per cent equiy stake in Filtronic Components, a Yorkshire-based electronics company, at a cost of £500,000. Filtronics specialises in the design, development and production of a range of microwave components and sub-systems.

The second investment by Advent is the acquisition of a small shareholding in I. P. Sharp Associates, of Toronto. Advent is part of an investing group which has purchased 12.9 per cent of the equity.

NCB wants to shut Coegnant plant now

BY ROBIN REEVES, WELSH CORRESPONDENT

THE NATIONAL Coal Board has decided to seek immediate closure of Coegnant Colliery, near Maesteg, South Wales, one of the five Welsh pits on *the closure list which* triggered last February's miners' confrontation with the Government.

Mr Philip Weekes, NCB South Wales director, told a colliery review meeting that he *would have to advise the NCB* that he could find no good reason why the 100-year-old colliery should continue in production.

Acute underground faulting of the coal seams, which has *affected the colliery for more* than a decade, had worsened severely in recent months, he said.

"There has been a magnificent effort to keep production going by men and officials, under the most arduous conditions. But the time has come to admit that it is impossible to continue any longer."

He stressed that the 390 miners at the colliery would be offered *alternative* jobs at collieries within a 20-mile radius.

There was no immediate reaction from the National Union of Mineworkers. The Coegnant men meet tomorrow to decide their attitude.

The Welsh executive of the NUM has arranged to assemble on Monday to discuss the situation in the light of the colliery's own decision.

Coegnant secured a footnote in history as the colliery where February's strike against the closure programme began. The men walked out almost immediately in protest. Their action spread rapidly to the rest of the South Wales coalfield, leading to the Government climbdown.

Coegnant would not be the first Welsh colliery to shut since the confrontation. In May miners at Morlais agreed to closure after severe flooding *difficulties in the mine.*

Electrical engineering led takeovers

BY DUNCAN CAMPBELL-SMITH

ELECTRICAL engineering companies led in the acquisition of new companies in the third quarter of 1981, according to the latest review of UK mergers and acquisitions published by the Departments of Industry and Trade *in their quarterly Busi*ness Monitor.

The title of the review remained a misnomer—there were no mergers to record. It is now eight quarters since the economy has seen a corporate merger.

In the August-June period 102 companies were acquired for an aggregate value of £261.8m. This marked an increase of 35 per cent on the previous quarter but was well down on the value of acquisitions recorded for the third quarter of 1980 (£687.3m).

Of the latest total the purchase of independent companies contributed £199.1m (compared with £62.7m from subsidiary company deals) and accounted for the larger part of the increase over the second quarter.

More than half the quarter's total came from five deals only worth £140m. The single largest acquisition was the property deal which saw Churchbury Estates secure Law Land Company for £40m. The others included Northern Engineering Industries' takeover of Amalgamated Power Engineering for *£25.8m.*

There was a jump in the value of independent manufacturing companies changing hands. Out of 75 companies sold, 38, worth £106m, were from the manufacturing sector. This compares with 34 companies worth £48m in the second quarter.

Queen opens Tyne and Wear Metro today

THE QUEEN this morning opens the £287m Tyne and Wear Metro "Supertram" mass transit system, the first and possibly the last of its type in Britain.

A fanfare of royal trumpets will greet Her Majesty as she steps off a new light railcar, built by Metro-Cammell, onto the concourse of the underground Metro station in Gateshead.

The Tyne and Wear Passenger Transport Executive built the Metro with £160.8m of grants from the Government. The project was threatened by industrial disputes, technical difficulties and possible cancellation over the past 10 years.

The total cost has escalated fourfold since the original scheme was first outlined at £72m (at 1971 prices). Nevertheless, when it is completed in the summer of 1983, it will have cost only about half the money needed for comparable mass transit systems elsewhere in Europe.

Appeal over pension schemes

THE GOVERNMENT was urged by Mr Derek Bandey, president of the Society of Pension Consultants, not to upset the balance between occupational and State pension schemes and to avoid imposing unforeseen changes on the private pensions industry.

His warning, given last night at the biennial dinner of the society, referred to the forthcoming review by the Government on the terms for pension schemes to contract out of the earnings-related State scheme.

Employers and employees who are contracted out of the state scheme have a reduction in their National Insurance *contributions* to compensate for the pension provided by the company pension scheme in lieu of the earnings-related state scheme.

London Transport seeks new chairman

THE Greater London Council is looking for a new chairman and chief executive for London Transport — and for the first time the post will be advertised.

Sir Peter Masefield, the present chairman, retires at *the end of December*. Mr Dave Wetzel, who chaired the GLC's transport committee, said yesterday: "Sir Peter has done a good managerial job for London Transport and we are grateful for the expertise and effort he has brought to the major task of running the capital's bus and tube services.

"We were particularly pleased at the way in which Sir Peter and his team introduced our new policies for reduced fares. By openly advertising the post we are widening the range of suitable applicants for the job."

The chairman's salary is *£34,000* a year (under review).

Government 'no' to Irish ferry subsidy

THE GOVERNMENT has repeated its view that it would be wrong to subsidise the P & O ferry service between Belfast and Liverpool, due to close next week.

But Mr David Mitchell, *parliamentary* under-secretary of State at the Northern Ireland Office, told a delegation of MPs and union representatives he was *reasonably* optimistic that another operator could be found.

Boost for European travellers cheques

STANDARD Chartered Bank is entering the battle for the $8bn (£4.2bn) market in travellers cheques denominated in European *currencies* by launching D-mark and Swiss franc cheques under the Visa umbrella.

Visa, the international payments systems group owned by banks, claims to have a fifth of the European market. The D-mark and Swiss franc cheques will give it an entrée to two of the biggest sectors of the market.

About three quarters of the $40bn world market for travellers cheques is denominated in dollars, but the non-dollar cheque market is expected to quadruple over the next decade.

Potters pleased at Royal expectations

POTTERY companies in north Staffordshire are planning to produce a series of commemorative pieces following the announcement that the Princess of Wales is expecting a baby next June.

Power cost report may spark protest

BY RAY DAFTER, ENERGY EDITOR

A GOVERNMENT - BACKED report to be published next week will show that major bulk users of electricity are paying up to 28 per cent more than their industrial competitors on the Continent.

The findings of a study into European fuel and power costs, prepared by the National Economic Development Office, will almost certainly lead to further industrial pressure for changes in tariffs for large UK electricity users—steel, chemicals and paper manufacturers in particular.

Even so, the Government will argue at a meeting of the National Economic Development Council that the UK manufacturers have been made more competitive as a result of an erosion in the difference between their energy costs and those of their competitors.

The Energy Department is expected to emphasise that pricing policies and changes in exchange rates had reduced the fuel cost disadvantages suffered by many UK manufacturers last winter.

But it is thought the report will show that electricity prices —in particular tariffs for large continuous users of power—remain the biggest problem for Britain's industrialists.

France, benefiting from large nuclear generating capacity, is said to be charging 10 to 28 per cent less for bulk supplies of electricity than the UK. This is an improvement for the UK on last winter when the pricing advantage was nearer 20 to 35 per cent.

Similarly industrialists in parts of West Germany are said to be paying 16 per cent less for electricity than their UK counterparts as against up to 25 per cent less last winter.

The report will also probably show that UK electricity prices are roughly in line with those charged in other parts of Western Europe, in particular Italy, Belgium and Holland.

The report is expected to highlight the fact that about half the improvements in terms of UK competitiveness has resulted from this year's weakness of sterling against other currencies.

Price rises in the UK had also been restrained as a result of government policies. Mr Nigel Lawson, Energy Secretary, told the Commons two weeks ago that 160 consumers representing 25 per cent of total industrial electricity consumption, had benefited from the £45m adjustment in the electricity supply industry's external financing limit.

It is understood that the Electricity Council will not be raising tariffs at least until the beginning of the new financial year in April. British Gas Corporation has also announced that it will extend this year's freeze on contract prices until March.

The NEDO report is likely to show that UK industrialists are now paying the same—or, in many cases substantially less—for bulk gas supplies than their Continental competitors.

It is thought that the report will also indicate that coal prices in the UK are also competitive. This year's weakness of sterling against the dollar has meant that imported coal, even at coastal sites, has in general been no cheaper than National Coal Board supplies.

Prices of fuel oil in the UK have been slightly above those on the Continent (except for price-controlled Belgian supplies), partly because of UK taxation policies.

But the report is likely to show that in the present weak market large buyers of fuel oil are now able to negotiate much more favourable rates—in comparison with average prices—than in the past year or so.

Large purchases of fuel oil in October were made at about £115 a tonne as against the oil industry's average schedule price of over £150 a tonne.

Although Government ministers and officials are likely to emphasise the improvement in the UK's energy pricing competitiveness, manufacturers will still use next week's meeting to press for radical changes in fuel price policies, in particular a further restructuring of tariffs for large continuous users of electricity.

North West redundancy levels drop by half

By Nick Garner.

REDUNDANCIES FOR the past three months in the manufacturing heartland of the North West have been running at little more than half of those in the same period last year.

The monthly average of redundancies notified to the Manpower Services' Commission's northern region — covering Manchester, Merseyside, Lancashire and Cheshire —this year is very similar to that of last year at just under 8,000.

But the latest figures produced by the MSC show a relatively steep fall-off of redundancies from August this year.

The high level of redundancies last year—reaching a peak of 12,500 in November—continued into this year with a further peak of 11,000 in May.

For August the figure of 5,900 compares with 10,300 in the same month last year. In September 4,400 redundancies were notified against 7,500 in September last year and figures so far for October are 5,700 compared with 10,600 in October 1980.

MSC officials believe that the redundancies for this month and next month may be in line with October.

The CBI, while recognising that the figures represent an easing in the rate of recession, says they still indicate the seriousness of indsutry's position.

Separate figures just produced by the MSC Northern Region show that 56,000 redundancies in manufacturing were notified in the four counties during the nine months from January. A

Lucas CAV men win £25,000 prize for diesel microjector

BY JOHN GRIFFITHS

A MINIATURISED diesel engine fuel injector, now being purchased by General Motors at the rate of 3m a year, has won a £25,000 prize for the three Lucas CAV men primarily responsible for designing, making and marketing it.

The Duke of Edinburgh, who is senior fellow of the Fellowship of Engineering, presented the MacRobert award for innovative engineering at a private ceremony at Buckingham Palace yesterday.

It was shared between Mr Alan Blew, manager of the Ipswich factory which first started making the CAV Microjector unit in 1978, Mr Peter Howes, chief engineer of Lucas CAV's U.S. projects division, and Mr Roger Mugford, the company's chief manufacturing engineer.

The Microjector is fitted to GM's diesel-engined passenger cars in the U.S., and sales are expected to double this year to 400,000. GM forecasts that by 1985 one quarter of its annual U.S. car production of 4m-5m cars will be powered by diesels.

The success of the Lucas CAV unit is primarily due to its design. It has a outward opening nozzle valve in contrast to the inward opening valves of conventional injectors, and is little more than half a conventional injector's size and—at less than two ounces—one quarter of the weight. It has made possible the use of smaller cylinder heads, leading to a large reduction in overall engine weight, and reduced emission and noise levels.

A major reason for the award, however, was the manufacturing process; the working tolerances of the injector are measured in parts of a micron, and the microprocessor-controlled equipment on which it is made was regarded by the prize committee as some of the most advanced in the world. GM is notoriously reluctant to rely on a single source for its components but in this case depends entirely on Lucas CAV for its supplies.

Capacity at the Ipswich plant, which delivered 2.5m injectors up to 1980, has been doubled and the company has invested $30m in a second plant at Greenville, South Carolina.

The Microjector business is estimated to be worth about £20m a year to Lucas CAV and brings its total diesel-related contracts with GM to about £53m a year. Last week a new contract was announced under which CAV will also supply GM with its DPA rotary diesel pump.

Lucas CAV does not yet supply the Microjector to any other manufacturer, although the production of diesel cars in Europe is also expected to grow rapidly. Despite a further £20m investment in updating the Ipswich plant the company, which reported a substantial first-half loss, is not yet prepared to expand capacity.

The MacRobert award—previous winners of which include Freeman, Fox and Partners for the Severn Bridge superstructure and EMI for its body-scanner — is the third for the Microjector this year. Previously it won the Queen's Award for technological achievement and a Design Council award.

Output of cars and lorries up in October

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

OUTPUT of cars and commercial vehicles in October was well above the average so far this year, reflecting the clearly discernible improvement in demand since the summer.

However, commercial vehicle manufacturers in particular say that the steep rise in interest rates in September, when they rose by 4 per cent within two weeks, had a dramatic impact. "Orders dried up almost overnight," one said.

According to the Department of Industry's provisional estimates of vehicle production in October, the seasonally adjusted output of cars was 99,000, well above the 75,000 for the same month last year.

However, at 826,000, the seasonally adjusted production total for the 10 months to the end of October was still 4 per cent below the corresponding period of last year. So, in spite of the success of new cars such as BL's Metro and the Ford Escort, it remains unlikely that car output this year will climb back above 1m.

Commercial vehicle output continues at a low level not seen since the 1950s.

October itself was the best month so far this year with commercial vehicle output at 21,700. Even so this was well down on the 28,500 recorded in October last year.

Memorial for election expert

THE BBC and London School of Economics are jointly organising a memorial service for Professor Robert McKenzie on Monday, December 7 at 11 am at the University Church of Christ the King, Gordon Square, London WC1.

Neutron source partners sought

By David Fishlock, Science Editor

THE SCIENCE and Engineering Research Council (SERC), biggest of the research-funding agencies of the Department of Education and Science, is looking for overseas partners for its largest capital-investment project.

SERC hopes to persuade other countries to contribute to the instrumentation and running costs of its spallation neutron source (SNS), a £20m research tool under construction at its Rutherford and Appleton Laboratory.

The SNS, now at its peak rate of spending, will cost the SERC about £6.5m this year. It is hopes the source will be in operation in 1984-85, complementing the work of another big source of neutrons for researchers, at Grenoble, France.

Through SERC, Britain joined France and West Germany in this project when it was nearing completion in the early 1970s, by contributing to its capital cost.

Collaboration with other countries and industry was the keynote of SERC's activities, Professor John Kingman, its chairman, said yesterday. "We think we can see how we can collaborate with industry, though many problems remain," he said.

Partly for financial reasons but also because partnerships with other countries were proving extremely fruitful scientifically, almost all SERC's main new experimental facilities were being conducted as international collaborations.

In June, Britain and The Netherlands agreed to collaborate to construct and operate thre optical and one radio telescopes on La Palma, Canary Islands.

Britain was one of 12 natinns which by this week had given tacit approval to the proposal for a new "atom-smasher," called the Large Electron Positron (LEP) source, for CERN, the European Organisation for Nuclear Research, in Geneva, he said.

A third example of a new collaboration given by Prof Kingman was Sweden's agreement with Britain to use SERC's newly-commissioned Synchrotron Radiation Source at its Daresbury, Cheshire, laboratory.

SERC has been trying to forge research partnerships with Japan. One problem was finding young scientists willing to go to Japan.

Prof. Ken Pounds, head of SERC's astronomy, space and radio board, said Japan was beginning to look to Britain, partly to replace a traditional reliance on U.S. science. One opportunity for Britain was the long series of research satellites planned by Japan, for which insufficient Japanese experiments were being devised.

SERC spent a total of £201m in 1980-81. Of this nearly £42m was spent on contributions to international research projects.

Annual Report of the Science and Engineering Research Council, 1980-81: SO, £4.

NEB to sell U.S. link of Insac

BY GUY DE JONQUIERES

THE British Technology Group is to acquire equity stakes in two small U.S. computer companies through separate deals involving disposal of some of the group's existing interests.

The National Enterprise Board, part of the group, has agreed to sell the U.S. marketing network of its programming subsidiary Insac to Britton Lee, a Californian company which makes computer-data base systems.

In return the group will receive an interest, believed to be between 5 and 10 per cent, in Britton Lee. The company, set up in 1978, is 35 per cent owned by British banks and financial institutions.

The group is also to exchange the NEB's 51 per cent holding in Q1 Europe of Southampton, which markets multi-purpose computer systems, for 45 per cent of Q1 Corporation of the U.S.

The agreement will give Q 1 Europe access to additional U.S. production facilities and to wider markets, including the U.S. from which hitherto it has been excluded. Q 1 Europe was established two years ago as a joint venture between the group and Q 1 Corporation.

The disposal of its U.S. marketing network is the last major step in the dismantling of Insac, now widely recognised as one of the less glorious episodes in the history of the NEB's involvement in high technology.

Insac was set up in 1978 as a consortium between the NEB and five leading British computer-programming companies. Its original objective was to market UK computer programmes overseas, principally in the U.S.

The consortium did not define a clear strategy, however, and its ties with the five member-companies became strained.

The group said yesterday it expected Britton Lee to set up a manufacturing operation in Britain to make its computer-data base machine.

Middleton and Greig to merge next June

BY CHRISTINE MOIR

TWO stockbroking firms yesterday announced a merger to pool their strengths for private client fund management.

W. N. Middleton, a London-based firm with 10 partners and 45 staff, said it would merge next June with R. C. Greig, a well-known Glasgow firm of eight partners and 50 staff.

A similar move was made in September by two Scottish firms, Penney Castello Carlebach, which also has London offices and Easton Watson and Smith, pooling £250m of private clients' funds under their management.

Greig Middleton and Co, as the latest group will be called after the June merger, will have about £200m funds, to be managed through the computer system being installed at Middleton's London office.

Yesterday's Mr Mark Kemp-Gee, Middleton's senior partner who will become senior partner of the merged group, said the move was intended to create a solid and cost-effective base for the future.

Private client services will apparently be the core of the new firm but it will also build on Greig's strength in corporate finance. Greig is joint official broker to a sizeable number of prominent Scottish firms such as Clyde Petroleum, William Collins, Highland Distilleries and London and Scottish Marine Oil.

Mergers between firms with about 50 or so staff are expected to become commonplace in the next couple of years as firms adjust to the much more competitive atmosphere. Profitability is being squeezed by high fixed costs and the dominance of institutional investors.

One firm which has chosen instead to cease trading is Moy Vandervell, which will close at the end of the year. Mr Martin Favell, who became senior partner of Moy Vandervell in July but is now joining an investment management group, says that the long term future for medium-sized brokers is unclear.

Yesterday he denied that there were other factors behind the firm's decision to close.

Argos announces cuts in Christmas toy prices

BY OUR CONSUMER AFFAIRS CORRESPONDENT

THE ARGOS discount stores chain announced a major price-cutting campaign for toys yesterday to push sales in the crucial pre-Christmas period.

Argos hopes that cuts on 154 of its 314 toy lines will increase sales in the next six weeks to £12m, about half its total toy sales in a year.

Mr Tom McAuliffe, Argos' chairman, predicted that Argos toy sales would be as much as 45 per cent higher than last year.

"Toy sales have been consistently high throughout the year, and I see this trend being maintained despite the pessimism stimulated by reports of thinner order books for the few remaining British toy manufacturers," he said.

Mr McAuliffe added that "sales are there to be had, but at a price." Argos is spending about £1.2m on promoting toy sales this Christmas.

The company says that one particular growth area this year is that for electronic toys and games.

These accounted for some 16 per cent of Argos's toy sales last year, and Argos expects them to take a quarter of its estimated £25m toy sales this year.

Argos is backing its toy promotion with a 16-page toy catalogue which is available in all its 114 showrooms. This catalogue also details cut-price artificial Christmas trees and lights, and crackers.

Last year a similar price-cutting campaign by Argos gave rise to some criticism from other toy retailers that Argos was harming the viability of small toyshops, which have to trade all year round but are unable to match Argos's prices at Christmas.

Opposition over Ulster colleges

By Brendan Keenan

MR NICHOLAS SCOTT, the Northern Ireland Minister with responsibility for education is likely to face opposition from the Roman Catholic hierarchy to his attempt to reorganise teacher training in Ulster.

Mr Scott said in Belfast that he hoped to reach conclusions by the New Year on the future of the two Catholic and four state-run (and mainly Protestant) colleges. He said the Government recognised the right of Roman Catholics to have separate education if they wished.

Xmas tree cost 'up 10%'

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

CHRISTMAS TREE prices are likely to rise by about 10 per cent this year, according to Which? the Consumers' Association magazine.

Which? warns of a large price variation unrelated to the trees' quality.

Last Christmas the price of trees was about £1 a foot, it says. "Larger trees were, on average, relatively cheaper (down to about 75p a foot for an eight-foot tree) due to many being lower-priced 'tops' which tend to be quite tall.

"This year you can expect to pay about 10 per cent more than last year for a whole tree."

For price "there wasn't much to choose between greengrocers, florists or market stalls." However, "specimens which our shoppers described as 'spindly' or 'sparse' were found at the same price, on average, as 'healthy' or 'bushy' trees."

The magazine says "it really is worth shopping around for a good tree at a reasonable price."

Healey defies party line on disarmament

BY IVOR OWEN

MR DENIS HEALEY last night defied the Labour Party conference and reaffirmed his commitment to multilateral rather than unilateral nuclear disarmament. The removal of U.S. bases from Britain would increase the danger of war, he warned.

Mr Healey, Labour's deputy leader, was speaking in a foreign affairs debate on the Queen's Speech. He ignored another major demand by the Labour conference—that Britain should withdraw from the EEC.

Mr Healey suggested that the gulf between himself and Mr Michael Foot, the unilateralist Labour leader, may be closed by economic pressures forcing the government to abandon its plan to acquire Trident nuclear missiles to replace the existing polaris system.

His one conciliatory gesture to hostile left-wing Labour back benchers, who interrupted his speech, was to stress his opposition to Trident and to remind them that he had also argued against U.S. deployment of the neutron bomb in Europe.

Mr Healey also carried the left-wingers with him by repeatedly denouncing the diplomatic blunders made by the present U.S. Administration, but, paradoxically, he concluded that President Reagan may be in a stronger position than any of his predecessors to reach an arms limitation agreement with the Soviet Union.

Mr Foot sat gloomy-faced and silent throughout most of Mr Healey's speech, which won him a congratulatory pat on the shoulder from Mr James Callaghan, the former Labour premier.

It was Mr Norman Atkinson (Lab, Tottenham), removed from the post of Labour Party treasurer as a result of the fight-back by Labour moderates and centre left at this year's Brighton conference, who challenged Mr Healey to make his position clear on the unilateralist issue.

He wanted to know if the deputy Labour leader was renouncing unilateral action so far as Trident was concerned, and whether he accepted that a unilateral initiative might be required to restrict the use of British territory for the installation of U.S. Cruise or similar missiles.

M Healey immediately confirmed that he was opposed to Trident, recalled his stand against the deployment of the neutron bomb in Europe and added: "I believe there may be other unilateral initiatives which may play a role."

But he stressed: "I do not believe that the expulsion of U.S. bases from Britain would contribute to peace. I believe it would destabilise the position in Europe and increase danger of war."

Mr Healey pointed to another possible route to a compromise by implying that U.S. cruise missiles could be deployed in the European theatre if they were based in submarines.

In doing so he accepted that the political decision to deploy cruise missiles in Europe had been taken, and that the political implications of changing it unilaterally, could be damaging for the West.

Mr Healey reaffirmed his belief that the United Kingdom would not escape the consequences of nuclear war even it was neutral.

"Strontium 90 is no respector of Conference resolutions or declarations of neutrality," he insisted.

Calling on the Government to lead a more determined bid to secure progress in the multilateral disarmament negotiations with the Soviet Union, Mr Healey aligned himself with Mr Foot by advocating that the so-called "zero option" should be the principal objective.

This approach aims at an agreement which would require the Soviet Union to dismantle and destroy all its relevant long-range theatre nuclear missiles, wherever they are located, in return for the Nato allies agreeing not to deploy any themselves.

Mr Healey traced the growing support for unilateral disarmament in Britain and other European countries to declining confidence in the leadership of the United States.

But he argued that the fully justified concern over statements made by prominent members of the U.S. Administration on the possible use of nuclear weapons, should not obscure the truth about the Soviet Union's position.

Russia was not unilateralist and, as President Brezhnev had made clear, never would be, under its present leadership.

Mr Healey disclosed that, during his recent visit to Moscow with Mr Foot, a Russian defence specialist had told them that the Russians believed any war in Europe would involve the use of nuclear weapons.


Denis Healey

It was a fact that the Soviet government was engaged in a very substantial and expensive civil defence programme designed to give the Russians a chance of surviving a nuclear war.

But this did not mean or imply that the Russian government was planning a nuclear war in Europe.

MPs to investigate defence spending

By Bridget Bloom, Defence Correspondent

AN INQUIRY into the working of the Ministry of Defence, and in particular into the way the ministry spends an annual £5.3bn on defence equipment, is to be launched next week by the House of Commons Select Committee on Defence.

The inquiry will open on Wednesday, when Mr John Nott, Secretary of State for Defence, Sir Frank Cooper, Permanent Secretary at the ministry, and Sir David Cardwell, head of Defence Procurement, will give evidence.

Mr Nott last appeared before the committee six months ago to give evidence on the controversial Trident submarine system. He will be followed on the witness stand over the next few months by senior company chairmen and other representatives of the defence industries.

Mr Cranley Onslow, the Defence Committee's chairman, yesterday said that he hoped the inquiry, which is likely to last until the summer, would "get at the fundamental issues" of spending on defence equipment.

Nearly 45 per cent of Britain's £12bn defence budget for 1981-82 is earmarked for the procurement of defence equipment from hundreds of companies, big and small.

Nearly 50 companies with current contracts of more than £5m have been asked to submit evidence to the committee. So, too, have half a dozen defence manufacturers associations and a handful of academic and other institutions in the defence fields. Nearly 20 memoranda have already been submitted.

On Wednesday, Mr Nott is expected to start the proceedings with a statement on last summer's ministerial reorganisation, when the posts of ministers of state responsible for each of the three armed services were abolished.

He is expected to outline the impact of this, and of the defence review of late June, on the allocation of resources within the ministry.

However, the main thrust of the inquiry will be an examination of policy and procedure relating to defence procurement, and in particular how the system could be improved to save money and time and improve efficiency.

Defence industries have welcomed the committee's inquiry. They may be expected to air grievances regarding contract procedures and payment delays, among other problems.

The 11-member Defence Committee hopes that most of its sessions will be held in public.

Although no decisions have yet been taken, it is likely to decide to examine in detail several large projects, such as the Tornado, the Anglo-German-Italian multi-role combat aircraft. Britain plans to acquire more than 350 of the aircraft, currently priced at between £11m and £14m each.

Thatcher rejects higher status call by commerce chambers

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE PRIME MINISTER has rejected a request from the Association of British Chambers of Commerce for the Government to set up an official inquiry which would look into ways of expanding and statutorily supporting the work of local chambers.

The association (the ABCC) now intends to prepare its own detailed plans for expanding work so that more industrial promotion and liaison functions are taken over from the Government and various state agencies.

In the long term the ABCC would like the 87 chambers it represents to gain public law status, in line with practice in other European countries such as Germany, France and the Netherlands. Legislation would then force all companies to pay subscriptions to their local chambers. At present 54,000 companies belong to the 87 chambers.

But the ABCC, which first floated the idea in 1972, recognises that this in an impractible short-term target, partly because the Prime Minister has said she is not convinced it would be a good idea. There might also be considerable opposition from other representative bodies such as the Confederation of British Industry.

In a recent letter to Sir Monty Finniston, president of the ABCC, Mrs Thatcher wrote: "I remain to be convinced of the value of public law status." First it would be "contrary to our general policy on quangos." Second, there was doubt if legislative backing was needed by chambers.

"Third, and perhaps most important, I am concerned about the element of compulsion for industry which is implicit in the concept."

Following this rebuff and the rejection of an inquiry, the association has now decided to concentrate on winning more official recognition from Government departments.

While Mrs Thatcher was considering its request it had meetings with Mr Patrick Jenkin, Industry Secretary, and Mr John Biffin, Trade Secretary. It believes that Whitehall departments are prepared to help on a voluntary basis.

It is arguing that transferring work from Government agencies would be in line with ministers' privatisation policies.

For some time local chambers have acted as the Trade Department's agents, issuing certificates of origin for exports.

Recently they have taken on work for the Environment Department on inner city programmes and local registers of surplus public sector land. They have also started helping small businesses through local enterprise trusts set up in partnership with large companies and local authorities.

The ABCC decided to re-open the 1972 debate on public law status and to ask for an official inquiry because it believed that these duties demonstrated the sort of work that local chambers could do.

Areas put forward to the Prime Minister which will now be pursued independently included: taking over Government export promotion work; developing inner city partnerships; providing a stronger voice for industrial and commercial ratepayers; harnessing public and private resources to help small businesses; encouraging the introduction of information technology and setting up local computer terminal arrangements; and improving the links between education, training and industry.

"To play such a part fully, chambers of commerce would need a degree of official recognition that in Britain they do not currently enjoy, and arrangements that would secure adequate resources for the job," said Sir Monty.

Promoted Atkins hits a new low in profiles

THESE ARE not good times for foreign ministers. In the U.S. there are said to be plots to get rid of Mr Alexander Haig, the Secretary of State. At home Sir Ian Gilmour, the celebrated wet, was unceremoniously removed from his post as deputy Foreign Secretary and replaced by Mr Humphrey Atkins.

But it is now clear that in promoting Mr Atkins the Prime Minister has achieved the seemingly impossible by chosing someone with an even lower profile than the languid Sir Ian.

Yesterday Mr Atkins rambled his way through the foreign affairs debate on the Queen's Speech with the amiable air of Bertie Wooster, conducting the annual meeting of the Drones Club.

The EEC, he said, was again making Europea force in the world. The Middle East was a field where Europe was particularly qualified to exercise a collective influence. On Southern Africa, he said Britain retained "a close interest in the area as a whole."

As for the imperial heritage, just think how those envious European governments would have jumped at the chance of attending the recent Commonwealth meeting in Melbourne.

The lethargy proved catching and only a few subdued mumbles of support came from the half empty Conservative benches. In an attempt to stir up some party political controversy, Mr. Peter Emery (Con., Honiton) said he had just heard that a British socialist member of the European parliament had failed in his attempt to block the budgetary repayments which Mrs Thatcher had negotiated for Britain.

Raising his voice a few decibels to stimulate passion, Mr Atkins replied, "This isi my information. Also I am delighted that it is so."

Particularly intriguing was the prominence given to nuclear disaramament by Mr Atkins and Mr Denis Healey, Labour's foreign affairs spokesman. Apparently the Government and Opposition have suddenly realised that those 200,000 anti-nuclear demonstrators in Hyde Park recently also have votes.

The Government, conceded Mr Atkins, was impressed by the intensity of feeling in favour of peace—a choice of words that were in marked contrast to the Bodecia type pronouncements of Mrs Thatcher up to a few months ago.

Maliciously, Mr Healey observed that Mr Atkin's first major speech in his new job had been a little less sparkling and energetic than the high standard set by Sir Ian. Having said that Mr Healey went on to give a performance that was scarcely less plodding.

It included much grumbling about El Salvador, Chile and Namibia but, not surprisingly, avoided any reference to the EEC, a subject on which Labour is bitterly divided.

Unilateral nuclear disarmament, on which Labour is equally split, could not be so easily avoided. Facing it head on, Mr Healey stuck to his belief in the multilateral approach, warning his back-bench critics that "strontium 90" is no respector of conference resolutions or declarations of neutrality.

Meanwhile, Lord Carrington, the Foreign Secretary, was away in Saudi Arabia, discussing Middle East peace with Prince Fahd. Next Tuesday peers will have a chance to hear the authoritative version of British policy when he returns to the House of Lords to open their debate on foreing affairs and defence.

John Hunt

Speaker rejects debate on security

FINANCIAL TIMES REPORTER

MR GEORGE THOMAS, the Speaker, yesterday turned down a request by Mr Denis Canavan, (Lab, Stirlingshire W) for an emergency debate on Britain's security services.

Mr Canavan, who told MPs that the security service "must be the laughing stock of the world," has put down a question to the Prime Minister on the disclosure by former spy Mr Leo Long that he was part of the Soviet network run by self-confessed traitor Mr Anthony Blunt.

Mrs Thatcher is expected to reply next week.

Mr Long, 64, a retired film company director, confessed at the weekend that as a military intelligence officer he had spied for the Soviet Union from 1941 to 1944.

He said he had kept his secret from his wife for 30 years, and had considered suicide when he knew he was to be exposed.

Mr Long said he had confessed to British Intelligence in 1964 at the same time as Blunt, the former art adviser to the Queen, who was stripped of his knighthood when he was exposed two years ago.

Mr Canavan told the Commons that there was sufficient lack of confidence in the security service to merit "urgent consideration" by Parliament.

Both the Attorney-General and the Prime Minister had claimed in 1979 that since World War Two there had been only one case—that of Blunt—of immunity against prosecution, Mr Canavan told the Commons.

"Now another self-confessed traitor, Mr Leo Long, has appeared on the scene and for some reason or other he has not been prosecuted.

"It brings the law into disrepute if members of the public get the impression there is one law for the old boy network and another for the rest of us."

Mr Canavan told MPs that Mr Long had disclosed publicly that some of his contacts and former contacts were now in important positions.

Some could still be in the security services in a position to betray trust.

It was important to allay fears of a massive establishment cover-up.

"People are asking how many traitors are going to come crawling out of the woodwork of the British establishment.

"The security service must be the laughing stock of the world."


Dennis Canavan

Hailsham denies lurch to right

Financial Times Reporter

LORD HAILSHAM, the Lord Chancellor, denied in the Lords last night that the Conservative Party had "lurched" to the Right.

He said: "We in the Government are not intent on dismantling the welfare state, but we have to recognise that up to a point education, the health service, social security and wages are competitors for the same resources from which must come development, research, investment and even defence."

Lord Hailsham, who was opening the resumed debate on the Queen's Speech, gave a warning that the domestic climate of the 1980s was likely to be less favourable than the 1960s.

Policies must be attuned realistically to deal with the new situation. More investment of the right kind was needed. But he asked: "How much current consumption are we prepared to forego in order to provide that investment?"

Lords examine engineering

THE HOUSE of Lords Select Committee on Science and Technology is beginning an inquiry to establish how far the various sectors of the engineering industry are falling behind international competitors in research and development and especially product development.

U.S.-Europe shipping policy talks planned

BY ANDREW FISHER, SHIPPING CORRESPONDENT

THE UK and other maritime European nations are to hold talks with the U.S. Administration, now feeling its way to moderating its restrictive shipping policies.

Mr John Biffen, Trade Secretary, told the Commons yesterday that British governments had tried to alert U.S. administrations to the dangers of a unilateral application of one country's laws to an international activity like shipping.

He said the U.S. was reviewing its shipping policy and it acknowledged the need for common policies between the U.S. and its trading partners. Britain and other European governments had accepted its invitation to consult.

Recent litigation in the U.S., he said, demonstrated the urgency for consultations. He was apparently referring to the $51.4m (£28.5m) civil anti-trust settlement agreed by shipping companies trading across the North Atlantic.

This followed fines of $6.1m levied on the companies about two years ago by a U.S. federal judge. All then pleaded no contest to price-fixing charges. The civil suit was brought as a class action.

"The conduct of which the British and European lines stood accused was entirely lawful in their own countries," Mr Biffen replied to a parliamentary question. "Moreover, much of it fell outside the internationally-accepted jurisdiction of the U.S."


John Biffen

Atlantic Container Line (ACL), which includes UK, French and Swedish interests, stands to pay out more than $13m because of the settlement, still subject to judicial approval. It has not admitted the allegations in the civil complaint.

Also involved are Dart Containerline: grouping Belgian and Hong Kong companies, Hapag-Lloyd of West Germany and companies in the U.S. itself. When announcing settlement ACL said it believed the U.S. attitude towards shipping was changing.

Centre right win in PLP elections

By Margaret van Hattem, Political Staff

LABOUR'S centre right won the first round of parliamentary party elections by an even bigger margin than was expeceted last night when Mr Michael Co xwas returned as chief whip and Mr Jack Dormand was elected party chairman.

The election for the post of chairman, following the resignation of the outgoing chairman, Mr Fred Willey, was widely expected to run to at least two and possibly three ballots.

Both the left wing candidates, Mr Ian Mikardo, a former PLP chairman, and Mr Harry Ewing were expected to poll sufficient votes to take them into a second round.

Only Mr Mikardo qualified for a second round, with 65 votes, and he withdrew from the contest after Mr Dorman polled 102 of the possible 248 votes; with Mr Ewing polling 22, Mr Willie Hamilton 11, Mr Frank Hooley 11 and 37 abstentions.

Mr Dormand, 62, a former whip who succeeded Lord Shinwell as MP for Easington in 1970, was backed by Mr James Callaghan and Mr Roy Hattersley. He is regarded as only slightly to the right in the party.

Mr Cox was widely expected to defeat Mr Martin Flannery, the left-wing challenger whom he defeated in a previous election for the post of chief whip. This time he won with a comfortable 156 votes against 51 for Mr Flannery and 41 abstentions.

Engineering Council Charter

Financial Times Reporter

THE QUEEN is to grant a Royal Charter to establish the Engineering Council.

The announcement was made yesterday in a parliamentary answer by Mr Patrick Jenkin, the Industry Secretary.

Sir Kenneth Corfield, chairman-designate of the Engineering Council, said recently that he expected it to be operational by the end of the year.

Borough appeals on London rate demand

BY ROBIN PAULEY

BUS AND UNDERGROUND passengers in London had been handed £123m by the Greater London Council at the expense of the city's ratepayers, the Court of Appeal was told yesterday.

That was the first full year cost of the GLC decision to cut fares by 25 per cent, Mr David Widdicombe, QC, told Lord Denning, Master of the Rolls, Lord Justice Oliver and Lord Justice Watkins.

He was opening an appeal by the Conservative-controlled London borough of Bromley against the High Court's refusal to declare illegal the GLC supplementary rate of 6.1p in the pound.

The new fares policy conflicted with government policy on controlling local authority spending and meant a substantial loss in government grant to the GLC, he said.

Lord Denning said he was not sure whether all three judges ought to declare an interest. "We are all ratepayers and travel on the buses and tubes. Some of us are over age and travel free," he said.

Lord Justice Oliver said he had paid his supplementary rate, but Lord Denning admitted that he had not yet paid his.

Mr Widdicombe said that under the previous Conservative GLC administration the transport precept for 1981-82 was 2.4p in the pound. Under the new Labour administration, it would be 13.5 this year and 20p in 1982-83. About half the precept under the new policy was due to fare reductions.

Mr Widdicombe said the policy meant that a GLC ratepayer whose property had a rateable value of £300 was paying £40.50 a year towards London Transport. Under Conservative policy, that would have been £7.20.

The case was contested on legal, not political, grounds, he said. Bromley argued that the GLC should run London Transport as a business. It was not expected to run at a profit but it should be subsidised only to cover any deficit.

Those with most to gain from the GLC rating policies were commuters who came into the capital and took advantage of the cheap fares without paying any extra rates.

People from outside London were having a bonanza at London ratepayers' expense, but London pensioners were getting no benefit, Mr Widdicombe said. "Pensioners who have free fares anyway get the burden of extra rates without any benefit from reduced fares. It is very unfair."

The GLC had cut fares without taking legal advice or thinking of the consequences of losing government grant, and without consideration to the ratepayers who were regarded "as just a source of funds."

The hearing continues today.

Decimal coins to drop the word new

THE WORD "new" is to be dropped from decimal coins in future. The Government introduced a short Bill yesterday giving effect to the change.

Power struggle starts for Conservative back bench elections

BY ELINOR GOODMAN

MR EDWARD DU CANN, chairman of the 1922 Committee of Conservative backbenchers, last night signalled the start of what is likely to be a fiercely contested power struggle between Left and Right in the Tory Party.

He announced that nominations were now open for both the party leadership and the officers of the 1922 Committee itself. No one is now expected to challenge either Mrs Thatcher or Mr Du Cann, but both sides of the party are gearing themselves up for a fight for the top positions on the other committees.

The Right is planning to use the annual election for the officers of the backbench committees to take its revenge on those Tories who have spoken out against the Prime Minister.

They have declined to challenge all those critics of the Government now holding key positions—even those they know they have no chance of dislodging—as a way of registering their disapproval of what they see as the disloyalty of the wets.

They are planning to challenge Mr Geoffrey Rippon, one of Mrs Thatcher's most outspoken critics, for his one remaining formal position in the parliamentary party—chairman of the backbench foreign affairs committee.

Moves are also being made to replace Mr Charles Morrison, another leading critic of Mrs Thatcher, with a loyalist as one of the 1922 Committee's two vice-chairmen.

Mr Patrick Cormack, another critic of Mrs Thatcher, may also be challenged for the relatively unimportant job of chairman oft he arts committee as a token of the right's distaste for the way he has behaved.

For its part, the left is gearing itself up to remove Sir William Clark, a right winger and one of Mrs Thatcher's most valuable allies on the back benches from the chairmanship of the key finance committee.

Meanwhile, both sides are preparing for what could be the most important contest of all to fill the job of chairman of the employment committee, vacated by Mr Nick Scott, one of Mr James Prior's strongest supporters, when he moved to the Northern Ireland office.

The right is hoping to persuade Mr Michael Shaw, one of Mr Prior's opponents during the passage of his Employment Bill, to stand, while the left looks like going for Mr Jim Lestor, a former Minister of Employment sacked by Mrs Thatcher.

Personal loyalties and friendships often prove stronger in the 1922 elections than political allegiances, and both sides insist that the elections are much more subtle than a crude contest between left and right.

Nevertheless, they are always contested by the left and right, and provide an annual barometer of opinion in the party. This year, given the highly publicised divisions among Conservatives, they are more important than ever.

The right plans to use the election for officers to take revenge on Tories who have spoken out against Mrs Thatcher. All Government critics in key positions will be challenged—even where there is no chance of success

Both sides have been meeting informally to discuss tactics and possible candidates for the elections, which will take place over the next three weeks.

At one private meeting, a group of right wingers apparently decided that this year it would step up its challenge to the left. Normally, neither side challenges for control of any particular committee if it knows it cannot succeed, but right wingers apparently decided that this year they will try to challenge all those who have criticised the Prime Minister, even when they know they cannot win.

The view at the Right's meeting was that MPs in responsible positions should not be allowed to get away with disloyalty.

For this reason, Mr Ray Whitney, a strong supporter of Mrs Thatcher, and a former diplomat, is being pressed to stand against Sir Geoffrey Rippon, while Mr Peter Horden and Sir Marcus Fox look like running for the vice-chairmanship of the 1922 Committee.

The back bench committees do not have much direct power, but they do have influence, and Ministers can get into difficulties if they cannot carry their committees with them.

The chairman and vice-chairman of the 1922 Committee meet the Tory whips regularly, and are therefore particularly important.

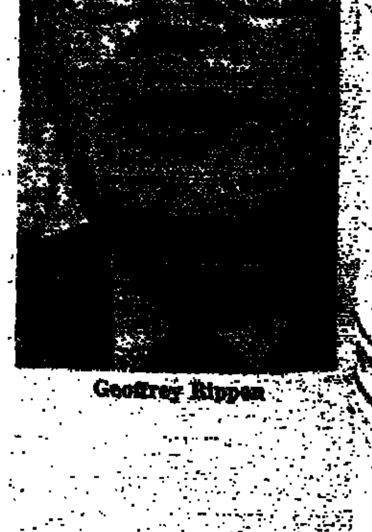
The left did well in the 1922 elections immediately after the 1979 general election, and their main preoccupation since then has been defending the positions gained then.

This year, their main target is again the finance committee, where they are hoping Mr Maurice Macmillan will stand against Sir William Clark.

The lobbying for these committees is all carried out very discreetly and both sides insist that there is no formal "whipping."

But over the next few weeks organisers from left and right will be sending out "advice" on how to vote to their potential supporters.

Both sides are usually able to count on a hard core of 60 or 70 supporters, and both will be trying to woo the remaining 100 or so back benchers who will ultimately decide the issue.


Geoffrey Rippon

One-day refineries strike postponed

BY BRIAN GROOM, LABOUR STAFF

A ONE-DAY STRIKE planned for today in oil refineries has been postponed, because workers at two refineries, whose fight against closure it was designed to assist, have failed to support it.

The strike, called by delegates from all the refinery unions at a meeting last month, was planned as a protest at increasing redundancies and at what the unions claim are oil company policies to transfer refining to other countries.

In particular it was aimed at giving immediate support in the fight to reverse the planned closures of BP's refinery on the Isle of Grain, Kent, and the Burmah refinery, Ellesmere Port.

Mr John Miller, the Transport and General Workers' Union oil and chemicals officer, told his union's local officials and refinery stewards that the inter-union co-ordinating committee had decided to postpone the strike after workers at these two sites decided not to take part.

Refinery stewards believe that the Grain and Ellesmere Port workers may have feared that they would jeopardise their severance pay if they took part in the stoppage.

A further decision about a one-day strike, which would lose about 10 days' production, will be made after talks with employers in the Petroleum Industries Advisory Committee on November 23.

Mr Miller said the strike had been called off despite an indication of "massive support" from tanker drivers and oil distribution workers, and from 10 refineries and terminals.

In a separate dispute, Esso said yesterday that the all-out national pay strike called for November 16 by 20,000 tanker-drivers and oil distribution workers would have "a rapid and dramatic effect."

Esso, like BP, Shell and Texaco, has raised its offer from 6.7 to 8 per cent on basic minimum rates. The company said that its offer was final, and appealed to TGWU negotiators to put it before the workforce.

Senior stewards in the company meet next week, as do those in the other companies. Esso said it had been given no assurance that employees would have an opportunity to vote on the offer, which would raise average gross earnings, now £170 a week, by £12-14.

Engineering staff in protest over hours

By Our Labour Editor

WHITE-COLLAR WORKERS in the engineering industry have been asked by their unions to leave work an hour early today and each successive Friday in protest at their failure to secure a reduction in the working week as won by manual workers.

The Association of Professional, Executive, Clerical and Computer Staffs, which called the protest, said yesterday it had the support of other whitecollar unions.

Their complaint is that a one-hour cut in the standard 40-hour week for engineering manual workers from this month has not been given to staff working less than 40 hours.

The manual workers secured the reduction in a national agreement with the Engineering Employers' Federation after a strike two years ago. That strike signalled the start of a general assault on the 40-hour week, standard for manual workers since the early 1960s.

Mr Roy Grantham, Apex general secretary, said in a letter to engineering members that on every previous occasion when manual workers' hours had been reduced staff had been granted half the reduction.

The relationship between the employment conditions of manual and staff employees was being upset.

Mr Grantham said a number of companies had conceded a shorter working week to staff.

The Apex annual conference decided to seek the same concession as manual workers as part of its ultimate objective of a four-day, 30-hour week.

AUEW under severe pressure to split into its four sections

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE AMALGAMATED Union of Engineering Workers whose four constituent sections came together in 1969 is now under severe pressure to split up.

The executives of the four sections agreed unanimously yesterday to adjourn the national conference due to take place in Eastbourne in ten days.

A split could encourage a realignment of unions in the engineering and construction industries and isolate, at least temporarily, the white-collar section AUEW Tass, which has been striving to avoid being swamped in a full merger of the four sections.

The executive of the smallest section, the AUEW Construction union, will seek a mandate from its annual conference in Buxton next week to gain independence from the other three.

Mr John Baldwin, the construction section's general secretary, said a clause in the amalgamation's rules made the present position intolerable. This clause says that any section wishing to leave must be supported by nine-tenths of delegates to the national conference.

"We will be asking the other three sections to let us go. We want to amalgamate, but there's no way we can under this system," he said.

There is considerable bitterness between Tass and the other three sections. This is partly because Tass is left-led and the engineering section right-led, but also because all three of the manual sections—engineering, foundry and construction—want the benefits of closer co-operation.

In the construction section's case, the need for financial assistance is overwhelming. Mr Baldwin said unemployment in the industry meant it would need to consider laying off officials and closin offices.

Mr Baldwin's plan is to bring legal action to allow the amalgamation to split up, then reform it round the three manual sections, the Sheetmetal Workers and possible the Electrical and Plumbing Trades Union.

● Shipbuilding union leaders will hold talks in Dundee on Tuesday aimed at smoothing the way for Kestrel Marine, a private company, taking over the Robb Caledon yard, occupied by its 140 workers in protest against its closure by British Shipbuilders.

Action by meat inspectors 'would hit jobs'

By Our Labour Staff

LOCAL AUTHORITY employers said yesterday that jobs would be lost if meat inspectors at slaughterhouses in England and Wales step up their work-to-rule into an all-out strike.

The inspectors are being balloted on a strike by the National and Local Officers' Association) which represents the 600 meat inspectors at more than 1,000 slaughterhouses.

They have worked to rule for eight weeks in support of a regrading claim. Their prescribed grade gives a basic pay scale of £5,652 to £6,333.

They want a grade to give £7,371 to £7,875, but have been offered a range increased to a maximum of £7,137.

The employers said yesterday that the inspectors had been awarded rises of more than 50 per cent during the last three pay rounds.

MP queries airlift over pickets

BY OUR LABOUR STAFF

A MANCHESTER MP yesterday demanded an explanation from the Home Secretary as to why the city's police co-operated in a helicopter airlift from a picketed engineering factory—the scene of a long-running battle between management and workers.

Two helicopters carrying eight men landed behind 150 pickets at the Laurence Scott and Electromotors plant on Wednesday, and removed vital equipment.

Mr Charles Morris, the Labour MP in whose Openshaw constituency the factory stands, said in the Commons: "It is widely believed that the pilot of that helicopter breached air regulations pertaining to the use of helicopters in heavily urbanised and built-up areas of cities.

"In these circumstances why on earth did the police co-operate in a breach of air traffic regulations covering helicopters?" he asked during business questions.

"The police assure me that there was no collusion between them and the management, but one is entitled to know why the police co-operated in this mad and dangerous escapade."

Mr Morris called for a statement from Mr William Whitelaw next week.

Labour MP, Mr Tom Torney (Bradford South) tabled a question to Mr Whitelaw asking for an inquiry.

Minister 'reneged' over nurses' pay

NURSING UNIONS has reacted sharply to a statement by Dr Gerard Vaughan, Minister of Health, that any new, compaarability-based arrangement for determining the pay of Britain's 500,000 nurses could not be introduced in time for the 1982 pay settlement.

The statement was contained in a written answer to Mr Michael O'Halloran, Social Democrat MP for Islington North.

The Confederation of Health Service Employees claimed that Dr Vaughan was "totally reneging" on a previous commitment that any agreed formula could be applied from next year. The Royal College of Nursing expressed its disappointment.

Meanwhile Cohse's national executive has launched its pay campaign six months ahead of the health service's April settlement dates

Mr Albert Spanswick, Cohse general secretary, said the executive had decided to open its pay campaign early to drive home the message that "any attempt to force through 4 per cent will be met with total opposition."

Regional newspapers hit by print union dispute

FINANCIAL TIMES REPORTER

THE East Midland Allied Press Group yesterday suspended publication of the Peterborough Evening Telegraph because of a dispute involving the National Graphical Association.

Two weekly newspapers, the Spalding Guardian and the Peterborough Advertiser, were also halted and there are doubts whether the Stamford Mercury, said to be Britain's oldest newspaper, set up in 1695, will appear today.

More than 100 staff, including 50 journalists, are to be laid off without pay from today because of the dispute.

Mr Lionel Coles, the general manager, said: "There is no way we can continue to produce newspapers in the present situation."

Production has been hampered during the week by NGA sanctions. The union says it has been refused negotiating rights for members of the advertising staff because they are in another union, Natsopa.

Mr David Rowell, a National Union of Journalists official in Peterborough, said: "We have not broken our contract at any stage but have been told that if the dispute is not settled by Friday, we will not be paid.

The Evening Herald, Chelmsford, is due to close tomorrow with 130 redundancies

● The management and journalists at the Daily Mirror were holding talks last night in an attempt to avert disruptive action by journalists over an inter-union dispute with the National Graphical Association.

Rolls-Royce craftsmen to stay out

By Our Labour Correspondent

THE DISPUTE between management and craft workers at Rolls-Royce aero engine components plants at Hillington, Glasgow, deepened yesterday when the 1,500 craftsworkers voted to continue their three-week strike.

The meeting was immediately followed by a warning from Mr Don McLean, a Rolls-director, that it would concede nothing on the craftworkers' claim for extra payments for accepting new job timings. The workers were jeopardising their own jobs

Mr George McCormack, the senior convenor, said that a letter to all Rolls workers yesterday contained a hint of extra money. However, no further talks were planned.

COMPANY NOTICES

M. T. D. (MANGULA) LIMITED

(Incorporated in Zimbabwe)

ANNOUNCEMENT OF RESULTS

Summaries of the audited operating results and financial results for the year ended 30th September 1981 are as follows:

OPERATING RESULTS (Metric tons)

	Ore Milled 1981	Ore Milled 1980	Recoverable Copper 1981	Recoverable Copper 1980
Miriam	1,175,000	1,203,000	8,951	9,293
Norah	520,000	534,000	3,665	5,145
	1,695,000	1,737,000	12,616	14,438
Smelter Production			12,683	14,472
Anodes purchased			6,015	—
Refined copper produced			10,005	—
Sales—copper			20,737	15,283
—silver (kgs)			21,171	19,099
—gold (kgs)			130	109

FINANCIAL RESULTS (Z$000's)

	1981	1980
Turnover	32,079	30,751
Working (loss)/profit	(1,239)	12,665
Interest (net), dividends, sundry income less other expenditure	(236)	(119)
(Loss)/Profit before taxation	(1,475)	12,546
Taxation	33	3,305
(Loss)/Profit after taxation	(1,508)	9,241
Appropriated as follows:		
—Dividends—	—	7,600
Transfer to/(from) reserves	(1,508)	1,641
	(1,508)	9,241
Net capital expenditure	1,859	3,857
Earnings per stock unit (cents)	(7.5)	46.2
Dividends per stock unit (cents)	—	38.0

The main factors which have adversely affected results were a reduction in grade, low copper and silver prices and rising costs. The low metal prices were exacerbated by the weakening of sterling and the relative strength of the Zimbabwean dollar. In view of the loss, no dividend has been declared.

The annual report for the year ended 30th September 1981 will be posted to stockholders on or about 5th December 1981 and the annual general meeting will take place in Salisbury on 26th January 1982.

By Order of the Board
M.T.D. MANAGEMENT SERVICES LIMITED
Secretaries
Per A. W. BRADSHAW

London,
5th November, 1981.

Transfer Offices:
First Floor, Trustee House, 55 Samora Machel Avenue, Salisbury.
28 Harrison Street, Johannesburg 2001.
6 Greencoat Place, London SW1P 1PL.

(Free translation of the official French text)
UNION MINIERE
Société Anonyme
Registered Office:
rue de la Chancellerie 1, Brussels
Brussels Registre du commerce No. 13.377

NOTICE TO SHAREHOLDERS

Shareholders are invited to attend the Extraordinary General Meeting which will be held on Tuesday 24th November, 1981, at 2.30 p.m. in the Office of the "Société Générale de Belgique" 30 rue Royale, Brussels.

AGENDA

1. Report of the Board of Directors explaining the interest for the company of the hereafter proposed operations and report of the legal Auditor on the transfers to be made in execution of these operations.
2. Anticipated dissolution and winding up of the company. Nomination of the liquidators and fixing of their emoluments.
3. Duties of the liquidators:
   a) transfers of the non-ferrous branch of the company activities to a new "société anonyme," to be incorporated under the name of "Union Minière," with a capital of 10,000 million Belgian francs, represented by 1,000,000 shares without par value, on the basis of the company's financial statements as of August 31, 1981. All operations completed by the present company since that date until the date upon which the transfer will be effective, within the limits of the above-mentioned branch of activities, will be deemed to be made for the account of the new company. In consideration for this transfer, 882,041 shares fully paid-in will be issued to the present company;
   b) subsequent transfer to the "société anonyme—Société Générale de Belgique" whose statutory seat is located: 30, rue Royale in Brussels, of all the account of its assets as of that date, including therefore the consideration for the transfer proposed under item a) hereabove, with all assets and liabilities, nothing being excluded or reserved, and this on the basis of the balance sheet dated December 31, 1980. all operations completed by the present company since that date until the date when the transfer will be effective, will be deemed to be made for the account of the "Société Générale de Belgique," with the exception of those made since September 1, 1981 within the limits of the branch of activities transferred to the new company "Union Minière" that will be deemed to be made for the account of the latter. In consideration for this transfer, "Société Générale de Belgique" will (i) transfer 5,661,385 "parts de réserve" fully paid-in with right to dividends as of January 1, 1981 and identical in all respects to the existing "part de réserve," (ii) support all debts and liabilities of the existing company, (iii) fulfil all of its obligations, (iv) support all cost related to the winding up of the company and (v) guarantee the company and its liquidators against any action;
   c) Allocation among the shareholders of the 5,661,385 "parts de réserve" representing the consideration for the transfer, in the proportion of 5 "parts de réserve" of "Société Générale de Belgique" for nine-tenths of a Union Minière share, of which the name will be changed in "Ancienne Union Minière," without delivery of any fraction.
4. Adoption of the name "Ancienne Union Minière" and as a consequence, modification of article 1 of the "Statuts."
5. Fixing the procedure to be followed in view of giving discharge to the Board of Directors and to the Auditors, and organising the attendance to the general meetings after the exchange of shares.
6. Acknowledgment that the decision which will be taken, will only be definitive upon approval of the operations by the shareholders of "Société Générale de Belgique."

In order to be admitted to this Meeting owners of bearer shares must deposit their shares not later than Thursday November 19, 1981, with anyone of the following banks:

In Belgium:
with "Société Générale de Banque," in Brussels or any of its other offices and agencies.
In France:
with "Banque Belge (France)," 12, rue Volney, 75002, Paris.
In the Netherlands:
with "Amsterdam - Rotterdam Bank," Herengracht 595, 1001 Amsterdam.

Owners of bearer shares will be admitted to the Meeting on producing a statement from one of the above banks mentioning the identity of the owner of the shares and certifying that the shares will remain deposited from November 19 to 24, 1981, inclusive.

Owners of registered shares must advise the Company not later than Thursday November 19, 1981, of their intention to attend the Meeting or to be represented.

Proxies, conferred according to article 30 of the Articles of Association, must be deposited not later than Thursday November 19, 1981, at the Company's Registered Office, rue de la Chancellerie 1, Brussels.

Proxy forms are available to shareholders at the Company's Registered Office and also at the above-mentioned banks.

THE BOARD OF DIRECTORS

BRITISH-BORNEO PETROLEUM SYNDICATE, LIMITED

NOTICE IS HEREBY GIVEN that the TRANSFER BOOKS of the above Company will be closed from 26th November to 2nd December 1981, both days inclusive.

By Order of the Board.
RUSSELL LIMEBEER,
Secretaries.

Registered Office:
Pembroke House (5th Floor),
40, City Road,
London EC1Y 2AD
5th November 1981

LEGAL NOTICES

No. 003381 of 1981
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF
BARDSEY LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that a Petition was on the 5th October 1981 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the Share Premium Account of the above-named Company from £1,574,076 to £776,531.

And Notice is further given that the said Petition is directed to be heard before the Honourable Mr. Justice Vinelott at the Royal Courts of Justice, Strand, London, W.C.2, on Monday the [illegible] November 1981.

Any Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of the Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the under-mentioned Solicitors on payment of the regulated charge for the same.

Dated this 3rd day of November 1981.
CLIFFORD-TURNER,
[illegible]
[illegible]
London [illegible]
Solicitors for the said Company.

PUBLIC NOTICES

[illegible] COUNTY COUNCIL
[illegible] on 4th November [illegible] Bills [illegible] 3rd February, 1982. Tenders totalled [illegible] and the [illegible] was made [illegible]

ART GALLERIES

AGNEW GALLERY, 43, Old Bond St., W1. 629 6176. SCULPTURE AND WORKS OF ART. Also a Loan Exhibition of Victorian Pictures from the Royal Holloway College. Adm. £1. Until 11 Dec. Mon-Fri. 9.30-5.30. Thurs. until 7.

ALLANS GALLERY. Probably the only Gallery in London devoted entirely to the Textile Art. Hand embroidered silk pictures for giving and collecting; from £2 to £2,500. On the lower ground floor of ALLANS famous silk shop at 56-58, Duke Street, Grosvenor Square, London, W1. Mon.-Fri. 9-6. Sat. 9-1. Brochure 50p on request.

BROWSE AND DARBY, 19, Cork St., W1. 734 7984. SIR ROBIN PHILIPSON — Recent Paintings and Watercolours.

COLNAGHI ORIENTAL and Shirley Day Ltd. at 14, Old Bond Street, London, W1. 01-491 7408. ONE THOUSAND YEARS OF ART IN JAPAN, from 21 October until 27 November. Mon.-Fri. 10-5.30. Sats. 10-1.

LEFEVRE GALLERY, 30, Bruton St., W1. 01-493 1572/3. 20th CENTURY WORK ON VIEW. Mon.-Fri. 10-5. Sat. 10-1.

LUMLEY CAZALET, 24, Davies St., W1. 499 5058. WHISTLER. 40 Lithographs. Until 27 November.

MARLBOROUGH, 6, Albemarle St., W1. LARRY RIVERS: The continuing interest in Abstract Art. Until 25 November. Mon.-Fri. 10-5.30. Sat. 10-12.30.

MATHAF GALLERY, 24, Motcomb Street, London, SW1. Tel: 235 0010. Specialists in 19th Century and Contemporary Paintings of ARABIA.

WHITECHAPEL ART GALLERY. Whitechapel High St. 01-377 0107. Open 11-5, Sun. 1st LAST DAY. BRITISH SCULPTURE IN THE TWENTIETH CENTURY. Part 1, 1901-50. Adm. £1 (50p).

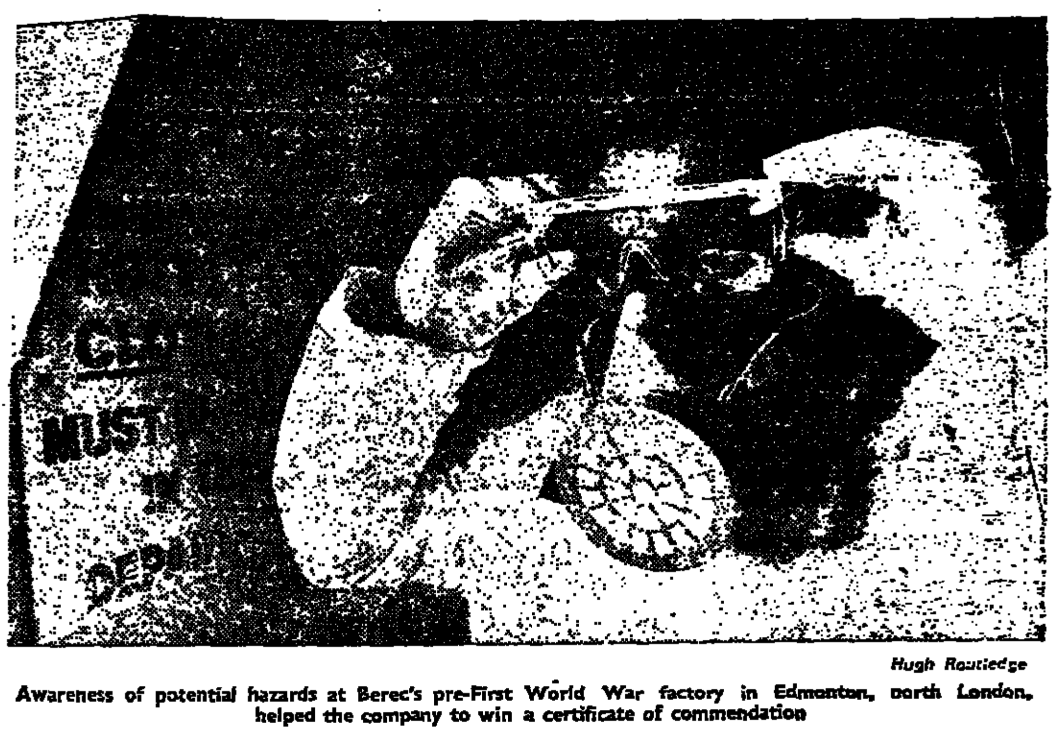
MILNE HENDERSON, 99, Mount Street, London, W1. 499 2507. THE EXQUISITE WORLD OF JAPANESE BIRD AND FLOWER PAINTING (1530-1830). Oct. 28th-Dec. 11th.

EXHIBITIONS

LOOT VII. New Jewellery and Silver 700 collectable pieces. Adm. free. 10.30-5.00 Mon.-Sat., until Nov. 21. Goldsmiths' Hall, Foster Lane, EC2.

Beware the label on a coffee jar

Arnold Kransdorff describes the industrial hazards encountered by the adjudicators of a safety at work competition and reports on their recommendations



Hugh Routledge

Awareness of potential hazards at Berec's pre-First World War factory in Edmonton, north London, helped the company to win a certificate of commendation

A CLOSE inspection of Robert Adlington's latest report would mistakenly suggest that the UK is a very dangerous place in which to work.

He recently travelled round London and the south east of England trying to decide which company deserved one of the six annual safety awards sponsored by the Sedgwick group of insurance brokers under the auspices of the British Safety at Work Trust. *From 70 applications*, his regional committee had whittled the choice down to six finalists—and Adlington, as chairman, and his team were *making an on-site inspection*.

At one company—a research establishment which specialised in toxic testing—he found a coffee jar containing a viscose substance that still had the original label on it. On the *same site*, he found three drums of *methylated spirits* which, he says, "may or may not have been as described," while elsewhere drums of solvents were standing outside an enclosure in which they should have been locked.

At another company, this time a wine storage, blending and bottling plant, *he found a plastic* container of adhesive which had been labelled water. Elsewhere at the site he came across a blocked drain that was making a working area unnecessarily slippery, while some welders were *not wearing safety goggles*.

Not surprisingly, Adlington's *team decided to look elsewhere* to make the 1981 awards, although he stresses that the examples in his report about breaches in safety are "snap*shots of a point in time*" and should not be misconstrued as general practice.

The British workplace, he insists, has never been safer, thanks mainly to the prompting legislation of the 1974 Health and Safety at Work Act. *In fact*, with the notable exception of Sweden, British companies are ahead of the field among European and North American countries. *He* warns, however, of the danger of complacency, *especially* in the current economic climate.

"The full tide of recession is now very obvious everywhere in reductions in the number of employees and curtailment of expenditure on the provision and replacement of equipment. At the same time there has come about a levelling out of efficiency in the application of safety prevention techniques."

Nevertheless, the standard of this year's entries for the Sedgwick *Safety* Award was "extremely high," he adds. In the event Adlington, himself a safety officer at Brunel Univesrity, Middlesex, gave the top award to the Mid-Suffolk *District Council, at Eye, with* certificates of commendation to Berec Components, the manufacturer of battery components, and Bus Manufacturers, a BL subsidiary based in Lowestoft, Suffolk. The latter has recently spent *£135,000* in *improvements* prompted by safety requirements.

Of the three, Berec, the Ever Ready battery group, currently the subject of two takeover bids, provides the classic example of a manufacturing company whose operational environment is a hotbed of potential safety hazards.

Its Edmonton, London, factory is old (pre-World War 1 in parts) and geographically dispersed. Employees have to work in an environment where, *for example*, forklift trucks have to operate in buildings which were not designed for them.

The works includes foundries using electric melting furnaces, heavy rolling mills and more *than 60 power presses — some* with up to 100-ton capacity.

All *this points to a potentially* high accident risk — yet, in a four-month period this year, Berec had no reportable incidents and lost-only four working days through minor accidents.

Berec's safety policies *are* co-ordinated through a health and safety committee, which meets bi-monthly. The company has a health and safety officer who reports directly to the plant's factory manager.

The safety officer's job is to investigate any accident, determine the cause and make recommendations for preventing a recurrence. He is also required to make regular health and *safety inspections*.

Adlington says that the impressive feature of the company's safety procedures was its comprehensive nature, taking in fire precautions and fire drills, machinery safety, first aid and training.

All fire extinguishers were kept in good condition, and fire alarm and sprinkler systems were regularly tested. In addi*tion fire drills were displayed on* noticeboards and fire evacuation exercises were held every six months. There was a special safety noticeboard in each department and safety posters were displayed around the works.

On *machine safety*, the company appointed someone to ensure that all machines were mechanically and electrically *safe before being put into use*, and to ensure that machine guards were always in good order.

The company also maintained a permanent nursing staff and a surgery, which was visited *regularly* by a *doctor*. Additionally, the company carried out training courses in first aid; those in charge of power presses had to pass a special safety course while all electricians were trained in artificial respiration and first aid.

Apart from this all new employees had to attend a special induction programme, *which* covered health and safety rules and procedures, fire drills, the operation of fire extinguishers, the use of personal protective equipment, instruction of machinery guarding and good housekeeping and hygiene.

Other evidence of the company's commitment to safety included the installation of a sound reduction cubicle to ensure that one of the high *speed presses did not exceed* a code of practice on noise. In *terms of costs*, Berec has budgetted £23,000 in excess of *general running costs* for safety improvements in the current year.

Justifying his choice of Berec for a commendation certificate, Adlington reports that management was aware of the dangers of spinning coils of metal coming off the rolling mills.

He pinpointed areas of concern: "Noise in the press shops was considerable. Some new *and old* machinery was accoustically screened, but the problem remains. Ear protection was provided but not universally worn."

He also observed that in the paint processing plant the *extraction of toxic fumes* was proving difficult but a willingness to spend time, effort and money on the problem was very evident.

"With an old factory the floors were uneven and greasy *in places, although they were* in good repair as indeed was the rest of the fabric.

"Induction training for new entrants and safety education was an established feature—but this seemed to be an area where more could *be done*."

A welcome trend

Robert Adlington's claim that *the national accident rate at* the place of work is declining is generally confirmed by official statistics, although a Government spokesman is quick to point out that the trend is difficult to assess *because of new regulations* about notification that became effective at the beginning of this year.

The figures are further con*fused by the current high* levels of unemployment; it could be argued that if more people were at work there would be a corresponding increase in the number of accidents.

Nevertheless, the number of accidents at work are substantially fewer than in *the home and the apparent* trend is encouragingly downwards, although—as the cynics point out—any accident is one too many.

In 1980, the number of reported accidents in the UK *dropped from 318,873 to* 272,822. Included in this figure is a decline in fatalities from 615 to 565.

All this adds up to over 16m lost working days costing, according to one official estimate, more than £1bn in lost revenue.

How the male menopause can hit your career

BY CHRISTOPHER LORENZ

TAKE A furtive look at your colleagues. A third of those in early middle age—between 35 and 45—are probably either suffering from a mid-career crisis or are about to.

You can easily spot some of the symptoms: increased consumption of alcohol, cigarettes and analgesics, together with unusual production of sweat.

But these are only the surface signs. Behind his or her mask, your poor neighbour is suffering from insomnia, aches and pains, loneliness, frustrating sexual fantasies, and general dissatisfaction with life and career.

Not all sufferers go through all these miseries, of course, but they have to cope with a fair combination. With the ageing of members of the post-war baby boom, and the prolonged economic recession, the problem can only get worse.

The primary causes of mid-career crises—often chauvinis*tically dubbed* "*the male menopause*"—are not the fashionable ones: either that the crisis is actually an invention of underworked social scientists, or that it results from *families* breaking up as the children leave home, the wife returns to work, or the husband succumbs to sexual "itch."

Though most men (and women) suffer (or enjoy) sexual fantasies, only a tiny proportion of mid-career managers (less than 10 per cent) actually indulge them. And though most males fantasise about *extra-marital sex*, very few indulge in it regularly and over a quarter never do.

Instead, the main cause of the crisis is a yawning gap between aspirations and achievements at work which is *worsened* by organisational policies that maximise motivations by promising promotion. The crisis occurs most frequently in large, structured organisations—especially in the civil service, banking, finance, and insurance — *and affects* particularly the less well educated and those who have few interests outside their work.

Despite its specific causes, the *crisis is usually expressed in the* form of *generalised* depression. "The thing that comes at you all the time is their loneliness and isolation," says the source of *all this sociological gloom*, the provocative Plowden Professor of Human Relations at the London Business *School*, John Hunt.

His conclusions—which he tresses are tentative—stem both *from an analysis of the already* extensive literature on mid-career crises, and from his own study of 574 Australian managers and nearly 300 Britons. *He will explore his work further* in his new book, Managers in mid-career, to be published next year.

Speaking to last month's annual Harrogate conference of the Institute of Personnel Management, *Professor Hunt* said these symptoms of mid-career crisis varied from one area and country to another: for example, tennis elbow was a common complaint *in the U.S.*, but not in Britain.

Though Professor Hunt admitted that only 6 per cent of crisis sufferers fail to recover—the rest go on to enjoy what he calls their "fabulous fifties"—he warned that the magnitude of the problem would increase as members of the post-war baby boom sought promotion or career mobility, and as the economic situation continued to bite.

"Redundancies have made it even more important that we try to understand the middle years *of a manager's life*."

As for the antidotes, Professor Hunt advised against the raising of managers' promotion expectations to unrealistic levels; for example, he *suggested* that organisations should re-design themselves so that upward mobility is no longer the major reward.

He also welcomed the development of sabbaticals, study programmes, job re-design, part-time work, job-sharing, and what he called "lateral Arabesques."

"But for most crisis sufferers they were not *yet a reality*" he said. Nor did he set great store by "alternative achievement" programmes and mid-career changes. Though most mid-career *crisis sufferers appeared* to be prime candidates for "redirection," they actually dreaded change, he maintained.

One of his main recommendations was a combination of individual counselling and "life planing workshops." To those organisations which complained that counselling was too expensive. Professor Hunt replied that the cost could be met by cutting back on expensive management development programmes, which attempt to induce managers to manage "properly," but which often fail.

New Open University management course

PLANS to bring management education into executives' *homes for the first time are at* a critical stage of discussion between Henley—the Management College and the Open University. Unless already protracted negotiations founder on detailed issues such as *control of costs* and content of the courses, the first learning programme consisting of written texts, tapes and occasional television transmissions *should* be available in early 1983.

This will be called The Effective Manager, and consist of 100 hours of study. It will be followed by a probably shorter course on accounting for managers and then by programmes as yet undecided on other aspects of executive work.

The Open University, which has pioneered distance-learning techniques since its foundation *in 1969, has no management* specialists in its academic faculty. But it began investigating the possibility of providing programmes for executives about three years ago with financial aid from the Foundation for Management Education, the British Institute of Management and the Manpower Services Commission.

Natural

Henley became actively interested in teaching by a combination of correspondence, audio and video tapes and occasional periods of face-to-face tuition about two years ago. But although the college has more than 30 years' experience in conventional executive education, it lagged far behind the *Open University in technical* expertise.

It was therefore clear that, in theory, there should be a natural partnership between *the two institutions*. And through the agency of Lord Briggs, chancellor of the Open University, who also sits on the college's board of governors, *the two began joint work on* the project some 12 months ago.

But both sides emphasise that it is still by no means cer*tain that they will go ahead* together. It appears that Henley is adamant that its management dons must decide the content of the courses, per*haps because of fear that they* might otherwise become influnced by Open University staff concerned with *broader*, if not looser, aspects of sociology.

Henley seems to be growing impatient with the slowness of the university, which has a com*plicated committee structure* (the senate, its supreme academic decision-making body, has some 700 members) in negotiating such issues.

The university, for its part, regards the management project as *important. But it is also* collaborating with other institutions on four larger schemes including a £2m venture with the Science Research Council to provide high-level "updating" courses for scientists working *in industry*.

So while both sides are "*firmly hoping*" to make the joint courses—with fees probably in the £150-£200 range — available on schedule, there are still major obstacles. Even if *these cannot be cleared*, however, Henley at least is determined to go ahead with distance-learning programmes of management education on its own.

Michael Dixon

TELEVISION

Chris Dunkley: Tonight's Choice

Unlike "You dirty rat" which Cagney never said, the line "That's no way to treat a lady" really does turn up in **Tarzan And His Mate**, the first of BBC2's season of Tarzan films and arguably the best of the lot. It was made in 1934, stars Johnny Weissmuller, most famous of all the many who played the ape man, and Maureen O'Sullivan as Jane achieving greater erotic appeal in small animal skins than Bo Derek could ever manage by taking everything off. Trouble is it starts at 5.35.

"Playhouse" once again features a novelist's adaptation of her own short story: **Last Summer's Child** which Susan Hill has based on her story "The Badness Within Him." A sunny family holiday in Cornwall is overtaken by tragedy but the experience teaches Col, the son, to grow up and face his responsibilities. Later on the same channel **Friday Night, Saturday Morning** returns, but now in two parts wrapped round Newsnight. It is presented this week by Terry Jones, who impressed me more as one of the Monty Python team than as chairman of the BBC's paperbacks programme for which he adopted the appearance and sometimes to attitude of a punk looking for trouble on Brighton beach.

ITV begins a serialised adaptation of **Strumpet City** made by Irish television, RTE, starring Cyril Cusack.

BBC 1

9.00 am For Schools, Colleges. 12.30 pm News After Noon. 12.57 Regional News for England (except London); London and South-East only: Financial Report. News Headlines. 1.00 Pebble Mill at One. 1.45 The Flumps. 2.02-3.00 For Schools, Colleges. 3.20 India. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Laurel and Hardy cartoon series. 4.25 Jackanory. 4.40 The New Shmoo. 4.50 Crackerjack. 5.35 Willo the Wisp.

5.40 News.
6.00 Nationwide (London and South-East only).
6.22 Nationwide, including 6.45 Sportswide.
7.00 Tom and Jerry.
7.10 It's a Knockout (the International Final from Belgrade).
8.30 Points Review: 20 years of Points of View: Barry Took examines the development of BBC TV's longest-running correspondence column.
9.00 News.
9.25 Starsky and Hutch, starring Paul Michael Glaser and David Soul.
10.15 On the Town (London and South-East only).
10.45 News Headlines.
10.50-12.30 am The Late Film: "The Magnificent Hustle," starring George Hamilton.

BBC 2

11.00 am Play School.
3.55 pm Pro-Celebrity Golf.
4.45 War at Sea.
†5.35 "Tarzan And His Mate," starring Johnny Weissmuller and Maureen O'Sullivan.
7.05 News Summary.
7.10 Something Else.
7.55 In the Country.
8.25 Newsweek.
9.00 Mike Harding.
9.30 Playhouse.
10.25 Friday Night . . . Saturday Morning (part 1).
10.45 Newsnight.
11.30 Friday Night . . . Saturday Morning (part 2).

LONDON

9.35 am Schools Programmes. 12.00 The Learning Tree. 12.10 pm Once Upon a Time. 12.30 100 per cent Responsibility (second of five programmes about one parent families). 1.00 News, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Taff Acre. 2.00 After Noon Plus, introduced by Elaine Grand and Simon Reed. 2.45 Friday Matinee: "The Girl On The Late, Late Show," starring Don Murray, Yvonne De Carlo and Gloria Grahame. 4.15 Goo, Goo, Goliath. 4.20 Storybook International. 4.45 Spectrum, presented by Paul Henley. 5.15 White Light: "Religion."

5.45 News.
6.00 Thames News with Andrew Gardner and Rita Carter.
6.30 Thames Sport:
7.00 The Amazing Spiderman.
8.00 Bruce Forsyth's Play Your Cards Right.
8.30 That's My Boy.
9.00 The Gentle Touch.
10.00 News.
10.30 Soap.
11.00 The London Programme: Can "Red Ken" Survive?
11.35 Police 5 with Shaw Taylor.
11.45 Strumpet City.
12.45 am Close: Personal Choice with Gordon Honeycombe.

† Indicates programme in black and white

All IBA Regions as London except at the following times:—

ANGLIA

12.30 pm Fit For Living. 1.20 Anglia News. 2.00 Houseparty. 2.25 Friday Film Matinee: "Jolson Sings Again." 5.15 End of Part One. 6.00 About Anglia. 11.00 Members only. 11.30 Friday Late Film: "The Mummy's Shroud." 1.10 am Window on the World.

ATV

12.30 pm Fit For Living. 1.20 ATV News. 2.45 Movie Matinee: "The Man Without A Country." 5.15 Diff'rent Strokes. 6.00 ATV Today, including ATV Sport. 10.30 Going Out. 11.00 ATV News. 11.05 Thriller: "Death In Small Doses."

BORDER

12.30 pm Fit For Living. 1.20 Border News. 2.45 Matinee: "Just For Fun." 5.15 Bygones. 6.00 Lookaround Friday. 6.30 That's Hollywood. 10.30 Your Mp. 11.00 Soap. 11.30 Border News Summary.

CHANNEL

12.30 pm Fit For Living. 1.20 Channel Lunchtime News, What's On Where, and Weather. 2.45 The Friday Matinee: "The New Love Boat." 4.05 Cartoon Time. 5.15 The Adventures of Niko. 6.00 Channel Report Election Special. 10.28 Channel Late News. †11.05 Friday Late Night Movie: "Night Of The Eagle" 12.40 am News and Weather in French.

GRAMPIAN

9.30 am First Thing. 12.30 pm Fit For Living. 1.30 North News. 2.45 Friday Matinee: "A Place Of One's Own." 5.15 Happy Days. 6.00 North Tonight. 10.30 "Bad Blood." 12.35 am North Headlines.

GRANADA

11.50 am The Bubblies. 12.30 pm Fit For Living. 1.20 Granada Reports. 2.00 Live From Two. 2.45 Friday Matinee: "The Clairvoyant" 5.15 Survival. 6.00 Granada Reports. 6.30 Kick Off. 10.30 A Week On Friday. 11.00 Soap. 11.30 The Late Film: "Twinky."

HTV

12.30 pm Fit For Living. 1.20 HTV News. 2.45 Harry Happy. 2.50 "Twin Detectives." 5.15 How's Your Father? 6.00 Report West. 6.30 Survival. 10.25 HTV News. 10.30 Report Extra. 11.00 "The Creeping Flesh."

HTV Cymru/Wales—As HTV West except: 10.48-11.03 am Y Byd A'i Bethau. 11.24-11.43 About Wales. 11.50 Cartoon Time. 12.00-12.10 pm Fflalabalam. 1.30-2.00 Happy Days 4.15-4.45 Plant Y Peloponese. 6.00 Y Dydd. 6.15 Report Wales. 6.30-7.00 Taff Acre. 10.30-11.00 Outlook.

SCOTTISH

12.30 pm Fit For Living. 1.20 News and Road and Weather. 2.45 Friday Matinee: "Lacy And The Mississippi Queen" 5.15 Emmerdale Farm. 6.00 Scotland Today. 6.25 Sports Extra. 6.45 Hear Here. 10.30 Ways and Means. 11.00 Bizarre. 11.30 Bad Blood. 12.25 am Late Call.

SOUTHERN

12.30 pm Fit For Living. 1.20 Southern News. 2.00 Houseparty. 2.25 "Crisis In Sun Valley." 5.15 Here's Boomer. 6.00 Day By Day. 6.00 Scene South-East (South-East Area only). 6.30 Out of Town. 10.35 Wheels. 11.05 "The Mercenaries," starring Rod Taylor.

TYNE TEES

9.25 am The Good Word. 9.30 North-East News 12.20 pm Fit For Living. 1.25 North-East News and Lookaround. †2.45 Friday Matinee: "House Of Seven Gables." 5.15 The Clifton House Mystery. 6.00 North-East News. 6.02 Sportstime. 6.30 Northern Life. 10.30 North-East News. 10.32 Friday Live. 12.00 Paris By Night. 12.30 am Poet's Corner.

ULSTER

12.30 pm Fit For Living. 1.20 Lunchtime. 2.45 Friday Matinee: "Just For Fun." 4.13 Ulster News. 5.15 Survival. 6.00 Good Evening Ulster. 10.29 Ulster Weather. 10.30 Witness. 10.35 Lou Grant. 11.30 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 12.30 Fit For Living 1.20 Westward News Headlines. 2.45 The Friday Matinee. "The New Love Boat" 4.05 Cartoon. 5.15 The Adventures of Niko. 6.00 Westward Diary. 10.32 Westward Late News †11.05 Friday Late Night Movie "Night Of The Eagle" 12.40 am Faith For Life. 12.45 West Country Weather. Shipping Forecast.

YORKSHIRE

12.30 pm Fit For Living. 1.20 Calendar News. †2.45 Friday Film Matinee: "The Amorous Prawn." 5.15 Here's Boomer. 6.00 Calendar (Emley Moor and Belmont editions). 6.30 Calendar Sport. 11.00 The Friday Night Film: "Staircase."

RADIO

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Paul Burnett. 3.30 Steve Wright. 5.45 Roundtable. 7.00 Andy Peebles. 10.00-12.00 The Friday Rock Show (S).

RADIO 2

5.00 am Tony Brandon (S). 7.30 Ray Moore (S). 10.00 Susannah Simons (S). 12.00 John Dunn (S). 2.00 Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News; Sport. 6.00 David Symonds with Much More Music (S). 8.00 Friday Night Is Music Night (S). 9.55 Sports Desk. 10.00 Doddy's Different Show, with Ken Dodd. 10.30 The Bing Crosby Show. 11.02 Sports Desk. 11.15 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Darius Milhaud (S). 10.00 Piano recital (S). 10.40 Mozart, Rawsthorne and Bartok (S). 12.40 pm Rachmaninov concert, part 1 (S). 1.00 News. 1.05 Rachmaninov, part 2 (S). 2.10 John Foulds songs and piano music (S) 3.10 Bochmann Quartet (S). 4.00 Choral Evensong (S). 4.55 News. 5.00 Mainly For Pleasure (S). 6.55 Play It Again (S). 7.00 "Louise," opera in four acts by Gustave Charpentier: English National Opera production from the London Coliseum, Act 1 (S). 7.35 Surprises, Accidents. 7.55 "Louise," Act 2 (S). 8.45 Interval Reading. 9.05 "Louise," Act 3. 9.50 Interval Reading. 10.05 "Louise," Act 4. 10.45 Poetry Now. 11.05 News. 11.10-11.20 Satie (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast 6.30 Today. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Desert Island Discs. 9.45 A Sideways Look at . . . by Anthony Smith. 10.00 News 10.02 International Assignment 10.30 Daily Service. 10.45 Morning Story. 11.00 News 11.05 A Way of Living. 11.50 Natural Selection 12.00 News. 12.02 pm You and Yours. 12.27 The Senior Partner. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre 4.05 Poetry Please! (S). 4.15 Simon Rattle. 4.45 Story Time. 5.00 PM News magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News, including Financial Report. 6.30 Going Places looks at transport stories in the Midlands 7.00 News 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter From America by Alistair Cooke. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (S). 11.00 A Book at Bedtime 11.15 The Financial World Tonight 11.30 Today in Parliament. 11.45 Organ Worship with recordings from the BBC Archives 12.00 News

FT COMMERCIAL LAW REPORTS

Arbitrator's absence affects award

EUROPEAN GRAIN AND SHIPPING LTD v JOHNSTON

Queen's Bench Division (Commercial Court): Mr Justice Parker: November 4, 1981

WHERE A party to an arbitration award takes advantage of that part of the award which is in his favour and immediately appeals against that part which is against him, his conduct amounts to a waiver of his right to set aside the award on the ground that it contains substantial defects arising out of the failure of one of the arbitrators to participate in determining the dispute.

Mr Justice Parker so held when dismissing a motion by European Grain and Shipping Ltd, sellers of wheat, to set aside an arbitration award relating to a dispute between them and Richard Johnston, the buyer, arising out of the sale of 600 tonnes of wheat.

* * *

HIS LORDSHIP said that the sellers entered into an oral agreement with the buyer for the sale of 600 tonnes of wheat. A dispute arose between the parties, and each nominated an arbitrator. Their contract provided for arbitration under the Rules of the United Kingdom Agricultural Supply Trade Association (UKASTA), and pursuant to those rules, a third arbitrator was duly appointed.

The AKASTA rules contemplated that, unless either party notified the arbitrator that he wished to attend a hearing, the arbitrators would proceed on the basis of documentary evidence and submissions. Neither party wished to attend and so there was no hearing, but there was published to the parties what, on the face of it, appeared to be the award of the three arbitrators duly signed by them. It recited that the arbitrators had been appointed to arbitrate in a dispute between the parties, and awarded that the buyer should pay the sellers £2,775 wrongfully deducted from the sellers' invoice, and that as the sellers were in default on 103 tonnes of wheat not delivered against the contract, they should pay the buyer £2,859.

*

The buyer sent the sellers a cheque for the amount due from him under the award. The sellers did not pay the sum they were directed to pay, but retained the buyer's cheque, and it was cleared through their bank account. Having taken the benefit of that part of the award which was in their favour, they then sought to set aside that part of the award which was in favour of the buyer.

The grounds of the application to set aside the award were all without substance, and quite apart from that, the application should also be rejected on the ground that it was too late for the sellers to object to the award. That was counsel's principal contention for the buyer. The sellers accepted that unless the award in favour of the buyer was severable, that point was a good one. In his Lordship's judgment it was not severable. It was from the outset clearly bound up with the sellers' claim. The arbitrators would have been entitled to make a single net award. The fact that they had expressed the award as they did, did not mean that the sellers could escape the consequences of their action.

If it were not for one matter, that would be sufficient to dispose of the motion. However, the evidence showed that before the award was determined, one of the arbitrators, the sellers' nominee, departed for Australia leaving three award forms signed in blank with the other arbitrators. He appeared to think that where there was no hearing, each nominee would make a submission to the third arbitrator for his consideration, and that must inevitably lead to a majority decision. If that was what he contemplated, he was plainly in error.

*

The sellers were fully aware of the situation, but did not seek to do anything. They did not, in their nominee's absence, seek information from the other arbitrators, or request a hearing as was open to them under UKASTA rules, or request an adjournment until their nominee returned. They waited for the award. When it came, they did not object to it or challenge it. They waited until the buyer had paid under it, and as soon as he had done so, they issued their notice of motion in the present proceedings.

It was plain that the sellers had made a deliberate decision not to challenge the award until the buyer had paid. Although the award bore the signature of the sellers' nominee, it was plainly an award agreed between the two other arbitrators, while he was absent in Australia.

Section 9 of the Arbitration Act 1950 (as substituted by section 6(2) of the Arbitration Act 1979) provided: "Unless the contrary intention is expressed in the arbitration agreement, in any case where there is a reference to three arbitrators the award of any two of the arbitrators shall be binding." As a result of that section, a majority award was binding unless the contrary intention appeared, but the section did not provide that only two need participate in the process of determining the dispute. All three were bound to do so as a matter of principle.

General principle apart, however, it was plain from the UKASTA rules, which specifically referred to the 1979 Act, that although the award of any two was to be sufficient, all were to take part and in effect, to vouch for the determination by signing the award. The UKASTA rules provided for either a single agreed arbitrator, or a tribunal of three. Where there were three appointed by agreement between the first two or by UKASTA, it was provided that the third arbitrator should be chairman of the tribunal. It was thus to a tribunal of three that the parties had submitted their disputes.

In the present case, to the knowledge of the other two arbitrators and of the sellers, their nominee had, part way through the processes of determination, absented himself, leaving behind a signature intended to certify his participation. He was wrong in so doing, and the other two arbitrators were equally wrong to proceed to a decision in his absence. He had by his action rendered himself incapable of acting, or had refused to act, to the knowledge of the appointing party, the sellers. They should either have appointed a substitute or sought an adjournment.

*

Together the conduct of the sellers' nominee and that of the other two arbitrators amounted to substantial defects in the award which would result in its being set aside, unless those defects could be waived. Although the defects were of substance, they were defects stemming from contract, and as such could be waived. They had been waived by the sellers when they took advantage of the award in so far as it was in their favour, and it was now too late for them to object. The award must stand.

The motion was dismissed with costs. Leave to appeal was granted.

By Rachel Davies
Barrister

For the sellers: Anthony Havelock - Allen (Middleton, Potts & Co).
For the buyers: Jeffrey Gruder (Greene & Greene, Bury St Edmunds)

RACING

BY DOMINIC WIGAN

MECCA YESTERDAY was the first of the "multiples" to produce prices for tomorrow's Washington DC International and its odds were much as might have been expected, with Galaxy Libra heading the list at 5-2.

The former inmate of the Barry Hills South Bank stable is marginally preferred to April Run (100-30). Cairn Rouge (4-1) and Open Call (5-1).

Other prices read 9-1 Beldale Flutter, 12-1 Match the Hatch and Rainbow Con, 20-1 Johnny D, 33-1 Providential, 100-1 Siapa Rajah.

A case can be made for both the Turf Classic principals and Piggott's Cairn Rouge, who will handle the sharp track better than most, but the best betting propositions at current odds are probably Beldale Flutter and Match the Hatch.

The first, fresher than any in the field, is reported to have arrived in fine fettle for his second race since York, while there are a good few who feel Match the Hatch can improve on his Aqueduct run. The victory in the Turf Classic on that New York track was not ratified until an objection by Match the Hatch's rider to Paquet on April Run had been overruled.

On the home front, flat racing returns, albeit briefly, for Doncaster's end-of-season meeting. The afternoon's events on Town Moor should begin on a winning note for Newmarket through Perang Tejam in the Dunkirk Maiden Stakes. But for running green in a division of Newmarket's Snailwell Stakes on Cesarewitch afternoon, Perang Tejam would have given Not for Show plenty to do.

Later in the afternoon Sir Samuel and Brentex should figure in the finish to the Poppy Handicap. Brentex ran his best race in a long while when trying to overcome a slow start at Redcar last time out, while Sir Samuel was producing his best form in a long time on his most recent appearance in a highly competitive handicap at Newbury.

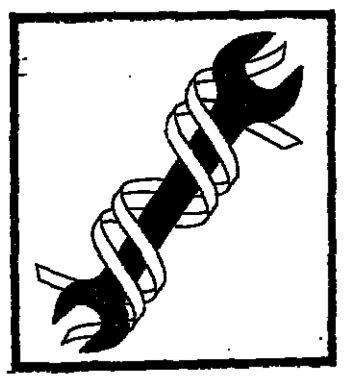
Brentex, in receipt of 4 lb from Sir Samuel, is worth an interest, particularly now he has Brian Rouse's strong handling.

DONCASTER
1.30—Perang Tejam**
2.30—Twist Home
3.00—Miss Couture*
4.00—Brentex***
HEXHAM
2.15—Day of Wishes
2.45—Galatch
3.15—What a Coup

TECHNOLOGY

EDITED BY ALAN CANE

Unilever: sowing seed for a novel harvest



IN this fifth article in his review of biotechnology, DAVID FISHLOCK looks at the work of Unilever.

UNILEVER'S business is in renewable chemicals, says Sir Geoffrey Allen, newly-recruited as its director of research. Biotechnology opens up boundless opportunities for such a company.

The kind of question he has to tackle is whether biotechnology could change the chemical mixture Unilever extracts from a crop, or make a given chemical more selectively or efficiently. Or make a crop grow in a less hospitable climate.

Unilever's scientists have taken the first big step with the oil palm, the plant that provides about 15 per cent of the vegetable oil traded on world markets. They have discovered how to clone palms through tissue culture, to yield a much more predictable crop.

They have been growing such clones for several years at the Unipalmol Plantation in Jahore, and have a development laboratory in Malaysia isolating new clones from the best-yielding plants.

They are getting an increase of more than 30 per cent in yield from cloned palms. Now the company is planning a small "factory" in Britain to culture seedlings for full-scale plantations.

Cloning is just the first step on a long road to a novel palm, more precisely tailored to Unilever's market requirements, perhaps even capable of fine-tuning — like a refinery — to fluctuations in those markets. But once plant properties can be controlled by cloning, the scientists can begin to think seriously of changing its properties by genetic engineering.

For Sir Geoffrey, fresh from four years as chairman of the Science and Engineering Research Council (SERC), much of the research is novel. But not biotechnology, with which he wrestled for several years to bring SERC's boards for science and engineering together in common objectives for biotechnology research projects. (The result of those labours was reported in the Financial Times last Monday.)

Even earlier, while with ICI's corporate laboratory in the early 1970s, Sir Geoffrey — a polymer physicist—was alive to the excitement being aroused by biotechnology. More recently he was asked to pass judgment on a new polymer ICI had discovered could be made by fermentation, using a natural bug. He judged it to be too costly to make and to cure of its brittleness — advice with which ICI agreed.

Sir David Orr, Unilever's chairman, who recruited Sir Geoffrey as his chief scientist last month, told shareholders at the annual meeting that the group saw plenty of opportunities for new products, even new areas of activity.

"We expect that many of these will derive from the combination of exciting development in the bio-sciences and engineering, generally known as biotechnology."

"You see," Sir David said, "micro-organisms and animal and plant cells are so versatile that through special fermentation techniques they could meet virtually all man's needs for organic chemicals ranging from drugs through food flavourings to bulk chemicals."

Experience

As Sir Geoffrey sees it: "The position of Unilever is that of a lot of big companies. They can see a lot of promise out there for changing the shape of the business. The problem is how to get there."

Small genetic engineering companies like Biogen are not handicapped by existing capital investment, he says. Again, few companies have the experience won from a single big project like ICI's protein.

Unilever's central research, costing about £75m a year of a total research budget of £144m, is split between two big laboratories, Colworth House, Bedfordshire, and Vlaardingen in Holland. Here he has found "a lot of promising science and a lot of speculation on how to exploit it." What is missing is feedback from the market on how best to exploit it.

Sir Geoffrey sees three broad areas of opportunity for biotechnology relating to the group's existing business. First, in medical diagnostics, where the group has a British offshoot —Sewards—in hospital supplies and instrumentation. Diagnostic kits can offer simplicity in making difficult assays for clinics in general, and speed for the better-equipped clinic, he says.

The indispensable ingredients of a successful diagnostic kit are a very specific chemical reagent and a package appropriate to its safe and convenient use. The challenge is to combine Unilever's traditional skills in packaging with the fast-developing science of bio-assay and the new discoveries of the medical research centres.

The second broad area of promise for bio-technology he sees stems from the tissue culture research lead by Dr Tony James, head of biosciences at Colworth House, now on the verge of large-scale exploitation for the palm. Unilever has already set up a company to market cloned plant seedlings to plantations outside the group.

Cloning the palm has proved to be difficult and painstaking research, involving for instance the development of a culture medium containing more than 30 ingredients, to which must be added precise conditions of temperature, light and timing.

Sir Geoffrey Allen: Boundless opportunities

Now, similar research on the coconut palm is well in hand at Colworth. Cloning is a process of selection, with the potential for growing more consistent plants, higher-yielding, easier to harvest because they all fruit simultaneously, more resistant to diseases and climate.

The next big question is whether such palm clones could be modified by genetic engineering to change the product itself in the chemical constitution of the oil it yields.

At Vlaardingen, a "very highly regarded" team of molecular biologists are trying to isolate and exchange precisely the pieces of DNA which regulate the quality of the oil. Sir Geoffrey's job is to encourage the marketing divisions to say just what they might want to change in the oil.

The third big area of opportunity Sir Geoffrey sees is in fermentation technology, for foods and flavours, in which the genetic "template" making the desired chemical is transplanted by genetic engineering to a living organism that can be cultivated continuously in the factory.

"But this raises a very big issue in my mind." It would be high-tonnage technology, in an area where Unilever has little experience.

That issue is whether Unilever should try to slog it out alone—"and I've seen the bruises on others who tried"— or should look for a third party to bring in the chemical engineering expertise.

Armed with the experience of four years managing a large national research effort in the physical sciences, Sir Geoffrey is impressed with the way research groups scattered among Unilever's several research centres will collaborate as a team with a single objective.

He found such teamwork almost impossible in research council laboratories without bringing the groups together into a single project team. "It has taken a big investment in research management by Unilever to achieve it."

As he sees it, the biggest single risk to Unilever's aspirations in biotechnology is the lack of real training for biotechnologists, in Britain and Holland. He likens it to the situation in control engineering 20 years ago "when the universities were not producing people with skills at the interface."

Not until companies like Unilever know just where they want to go with biotechnology —"the market pull" — will the universities have good courses for biotechnologists, Sir Geoffrey Allen says.

Next week: Rothschilds

Computer language

A FORM of the Basic computer language with extensions for industrial control applications has been developed jointly by Oxford University and the Warren Spring Laboratory. It is available under licence from British Technology Group (formerly NRDC).

Programs can be developed, tested and run on just one single board computer such as the Intel 80/20 giving a low cost development system with considerable input/output flexibility. Programs can easily be modified on a customer's site.

BTG points out that versions of the software can be provided to suit anyone's single board computer with its own input/output characteristics and address spaces.

The program extensions allow for direct control of peripheral devices, access to specified memory areas, logical operation and bit manipulation. Speak to Ken Cunningham at BTG on 01-730 9600.

Europe is target for Texas telecomms

BY ALAN CANE

TEXAS INSTRUMENTS, the world's largest supplier of semiconductor components is quietly unveiling its strategy for the 1980s, piece by piece.

This week, it announced that it has identified Europe as the principal growth area for telecommunications semiconductor products and that the responsibility, world-wide, for developing dedicated telecommunications products would lie with its European organisation.

Texas has four principal research and development centres in Europe, Bedford in the UK with special expertise in switching circuitry, Freising in Germany, specialising in coding chips, Rieti in Italy, building telephone sets and the European headquarters in Nice.

Mr Frank Owen, European Telecom Strategy Manager within Texas' European Semiconductor Group, pointed out this week that telecommunications construction spending world-wide had increased from U.S.$35.7bn in 1975 to U.S.$83.6bn in 1981.

The European market was growing at 8 per cent while the North American market was rapidly becoming a replacement market, growing at only 5.5 per cent.

It made sense therefore to concentrate telecommunications research and development in Europe for the world market. U.S. telecommunications equipment differed in many respects from European equipment, but it was easier to modify European designs for the U.S. market than the other way round.

The company is developing a line of dedicated integrated circuits especially for the telecommunications market and expects to announce about 20 of these products next year.

The special circuits will include bell ringers ("warble tones") pulse code modulation coder-decoders, speech amplifiers and so on.

Texas is claiming a breakthrough in an improved semiconductor technology which enables it to combine high power functions—next year it reckons to reach 240 volts—and logic functions (which characteristically need only ± five volts on the same chip.

The new technology is called Bidfet and is expected to be used for interface devices between subscriber telephones and the telephone network.

This week Texas announced two new products, an elastic-store device and a line coder, both designed at the Texas French design centre at Villeneuve-Loubet.

Industry sources suggest the market for devices of this kind and the others that Texas is planning to launch will grow at 20 per cent a year to reach a probable £1.1bn in 1985 and £5.5bn by 1991.

Although the "lead" houses, the Texas description of specialised research and development centres, are in Europe, the design and manufacturing effort will still be co-ordinated from the U.S.

Heavy lift attachment for hydraulic crawler crane

AS CIVIL engineering and construction projects increase in size, contractors and crane users require greater lifting capacities, longer booms, higher line speeds, more precise control and increased operational safety.

To meet these needs Ransomes and Rapier has developed a ring-mounted heavy lift attachment for the Rapier-NCK Olympus HC170 which, with a maximum lift of 150 tonnes, is the largest hydraulic crawler crane designed and built in Britain.

The heavy lift attachment increases the crane's maximum lift to 300 tonnes and the maximum main boom length to 345 ft. It comprises a heavy supporting frame incorporating hydraulic lifting jacks, a boom suspension mast, a 300 tonnes capacity lattice boom structure, and additional cast-iron or concrete counterweights to a total of 140 tonnes. The unit is then supported on a 37 ft diameter steel ring.

The attachment can be used with a complete Olympus HC170 machine, including crawlers, and the crane and assembled attachment can then travel under its own power along a prepared route with the minimum of dismantling and re-erection.

Alternatively, the crawler unit can be removed and the ring bolted to a secure base for stationary operation.

Hydraulic controls permit the crane driver's cab to be located in any convenient position to suit particular site conditions and jobs. When increased downward visibility is essential the cab can be placed on the right or left of the crane or on the lattice mast. Details from 0473 56383.

Disc drive

A COMPACT 8 inch floppy disc drive claimed to be only half as thick as a conventional 8 inch disc drive has been introduced to the UK market by Hal Computers (0932 48346).

Made in the U.S. by Tandon, the disc, known as the Thinline, is claimed to provide real storage capacities of up to 4M/bytes. The read/write head is guaranteed to run for 15,000 media contact hours while the double-sided drive has the patented Tandon head designed to operate reliably without damaging the media.

The Thinline runs on DC current only (5V and 24V). Two versions are available—the TM848-1 single-sided and the TM848-2 double-sided.

Welding unit

DESIGNED to eliminate distortion when welding alloy steels and non-ferrous metals, a new pulse-MIG welding unit known as the Morelusse Weldblitz 400 has been introduced by Romarc (0483 37231).

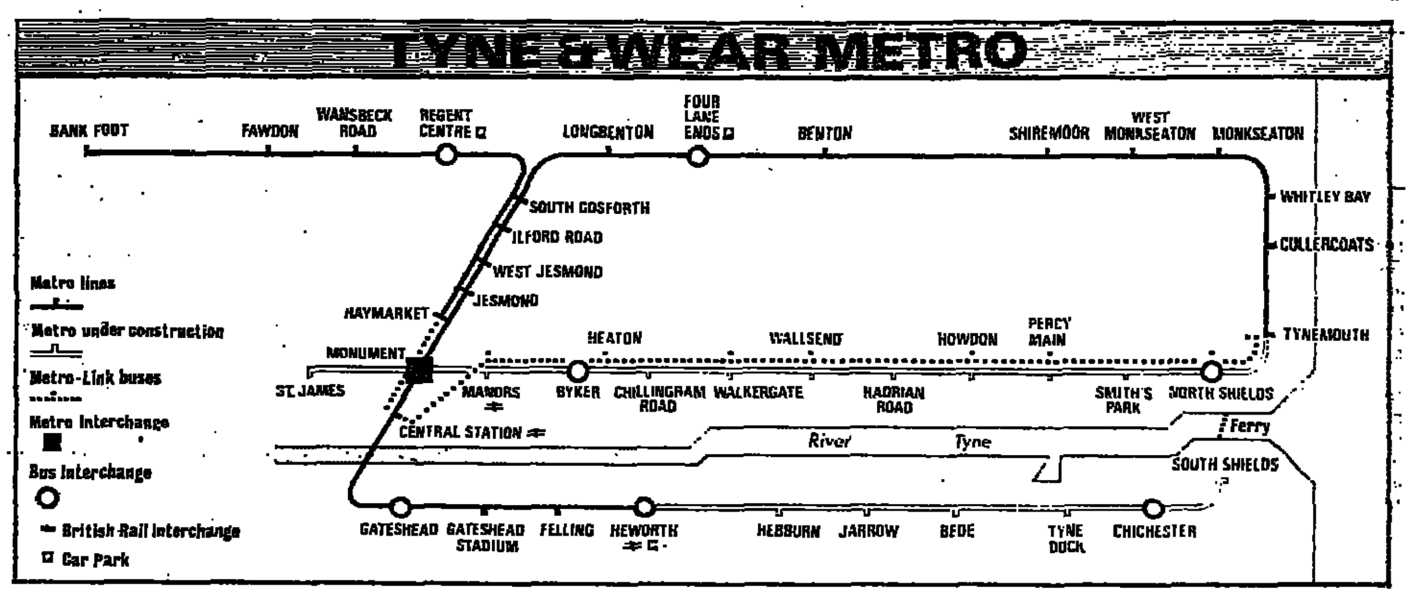
Rated at 44A dc output at 100 per cent duty cycle the system provides a range of either 0-50 or 100 pulses/sec with a pulse width setting of 0-100 per cent and a 24-step base voltage adjustment.

The pulse system is claimed to ensure a stable arc even at low currents and to provide excellent weld pool control in all positions. The reduced heat input improves the mechanical properties of the weld metal and minimises the risk of deformation, say Romarc.

FINANCIAL TIMES SURVEY
Friday November 6 1981

Tyne and Wear Metro

The £287m Tyne and Wear Metro is opened officially today by the Queen. Construction and financing have often been a struggle, but its completion will mean a great deal for an area hit by the decline in traditional industries.



Queen keeps up a Royal tradition

By Lynton McLain
Transport correspondent

THE QUEEN is expected to follow a royal tradition today when she opens the £287m Tyne and Wear Metro, the first and possibly the last light rail "Supertram" system in Britain. She will strengthen further the already strong links between the Royal Family and the Geordies of Tyneside by being the first official passenger to cross the latest bridge over the River Tyne.

It is a tradition that each new bridge across the river—and there are now six, with the new Metro bridge—is opened by the reigning monarch. King George V, the Queen's grandfather, was the last to do so when he opened The Tyne Bridge, which was later to provide a working model for the Sydney Harbour Bridge, in 1928.

However, this latest span is no ordinary bridge. It is the largest steel railway bridge to be built in Britain this century. It is the vital link for the new Metro between the heart of Newcastle-upon-Tyne on the north bank and Gateshead and South Shields on the south side.

But the bridge and the Metro which it will carry would not exist if it had not been for the staunch belief of the local passenger transport executive in the need for an up-to-date rapid system for Tyneside, despite the dire problems of recession and unemployment.

This belief, and commitment, and crucial support from central Government, which provided 70 per cent of the £287m total cost, has given Tyne and Wear a light rail rapid transit system which is a showcase for British engineering skills and technology.

Already visitors from more than 20 countries including Singapore and South Africa have seen the Metro in operation, and asked questions about its technology, its "unmanned" stations (one man to four stations) and its "intelligent" ticket machines to find out if similar solutions to urban transport problems would be applicable in their countries.

The people of Tyneside have their own particular background and history, and the development of the Metro mirrors the changing social and industrial pattern of life on the banks of the river.

In recent years Tyneside has been an area with a "strong political commitment to good public transport," Mr David Howard, director of engineering for the Tyne and Wear passenger transport executive and a prime mover in getting the the Metro into operation, said just before today's official opening ceremonies.

Mr Howard pointed out that it was not difficult to justify major new investment in fixed track public transport systems in urban areas which were economically healthy and experiencing rapid growth. But he added that the Tyne and Wear Metro was built in an area with very different characteristics.

The centre of Tyneside remains Newcastle-upon-Tyne, a proud, friendly city still elegant with the Victorian shapes of Dobson and Grainger despite the advocates of concrete and glass which increasingly creep upon past glories.

This 900-year-old city is the regional capital for the north-east of England. Like the rest of Tyneside, it experienced rapid expansion in the 1800s and early this century with the growth of coal, shipbuilding and heavy engineering. Parsons are not vicars in this part of the world, they make turbines and telescopes.

Changing patterns

Commuting to work invariably involved a short walk to the riverside shipyards and engineering works. Huge ships loomed over washing lines in the back yards of terraced houses close by the slipways. Areas along the river were self-contained, with employment and housing cheek-by-jowl.

Few changes in this pattern took place for almost half a century until the 1950s and 1960s. By then the car had taken a hold and housing policy called for people to be relocated outside the traditional self-contained areas.

At the same time the traditional industries began to run down and jobs in shipbuilding and mining fell 40 per cent.

These changes provided the opportunity for a public transport system which would be designed from the outset to solve the area's problems. Mr Howard regards it as laudable that the Tyne and Wear County Council has adopted a policy of providing a "high quality public transport system as key to the problems of Tyne and Wear," since its formation in 1974.

As a result transport has been given almost as much status as employment and housing. All the aspects of community life are intimately linked, in the view of the council, an attitude which has led directly to the Metro.

These ideals could have come to nothing if Parliament had not passed the 1968 Transport Act. This opened the way for the Government to give grants for public transport investment on the same basis as for investment in roads.

The Act also created passenger transport authorities and executives, and required local authorities to provide traffic and and transport plans. These were to show how a balance would be achieved between public and private transport in a local area.

The first stage came in 1969 with the commissioning of a land use study, the Tyne-Wear Plan. The aim was to produce a transport plan to the mid-1980s, which was subsequently published in 1971 as the transport plan for the 1980s.

Options ranged from high investment in roads and almost no development of public transport to a high cost investment in public transport with few new roads.

The existing system was based on 600 buses and local, but increasingly rundown British Rail lines. It carried 28m passengers in 1969, but the railways accounted for only 5 per cent of the local passenger movements. "The railways were unable to play their full part because they were peripheral to rather than integrated with the main centres of activity," Mr Howard points out.

Under the plan, public transport was given the highest priority for three reasons:

- to maintain the already high level of ridership;
- to increase mobility in the short term to support "industrial restructuring;"
- to provide an attractive alternative to the private car in the longer term.

The next stage was in examination by the passenger transport executive and authority into the benefits to be gained from improvements in conventional rail and bus systems when compared with a rapid transit system in the busiest rail corridor, the north Tyne loop from Newcastle to Tynemouth and back.

Waiting tensely

This study was the birth plan for the Metro. But execution depended on a government grant and an Act of Parliament to authorise construction. These essential elements came through in 1973, the year of the Middle East war and the start of the steady upward spiral in oil prices.

The timing could not have been better, because if the plan had been submitted much later, government constraints on public spending at a time of rising inflation would have led to the idea being shelved.

Nevertheless, financial pressure on the British Government, this time from the International Monetary Fund in 1976, almost resulted in the whole project being stopped. The details of the Metro plan were called in by the Government as ministers searched for ways of cutting public spending.

Weeks of tense waiting on Tyneside culminated with a crucial statement from Mr William Rodgers, then Transport Secretary and Labour (now SDP) MP for Stockton, three days before Christmas in 1976. He had persuaded his Cabinet colleagues to save the Metro project.

"I am delighted that it has been possible to make this decision. It should be a boost to the morale of the people of Tyne and Wear and to the North East as a whole. In the last resort, the fact that the Metro is an existing project, not a new one, and means so much to the North East, was decisive," he said at the time. The Government agreed to support the Metro with a fixed grant of £160.88m. Any spending over that would have to be provided by the council.

The final bill is expected to be £287m when the whole system is in operation by the mid-1980s. This compares with an initial budgeted cost of £72m when the system was planned in 1972.

However, the transport executive insists that the whole scheme will have cost only between 10 per cent and 11 per cent more in real terms than was originally planned almost a decade ago. Part of the higher cost is attributed to the delays caused by government re-appraisals.

Despite the difficulties, the Metro is well on the way to a successful completion. It is already Britain's most productive railway with a total of only 51 staff a shift to run 74 Metro-Cammell light rail train cars. Each of the 41 stations will be unmanned, apart from a roving band of 10 inspectors, each covering four stations.

More than 10m have used the system since the first paying passengers travelled between Newcastle's Haymarket station and Tynemouth in August last year. Eleven per cent of private motorists have switched to the Metro for commuting, partly under the pressure of higher penalties and reduced parking space.

Ridership is booming to such an extent that the transport executive is considering accelerating the run-down of some of its buses. These may be moved to other parts of Tyne and Wear not yet covered by the Metro.

When this happens, the new bus services will be integrated with the Metro, with the same fares, tickets and passes and the same bright yellow and cream livery that is now characteristic of the new public transport on Tyneside.

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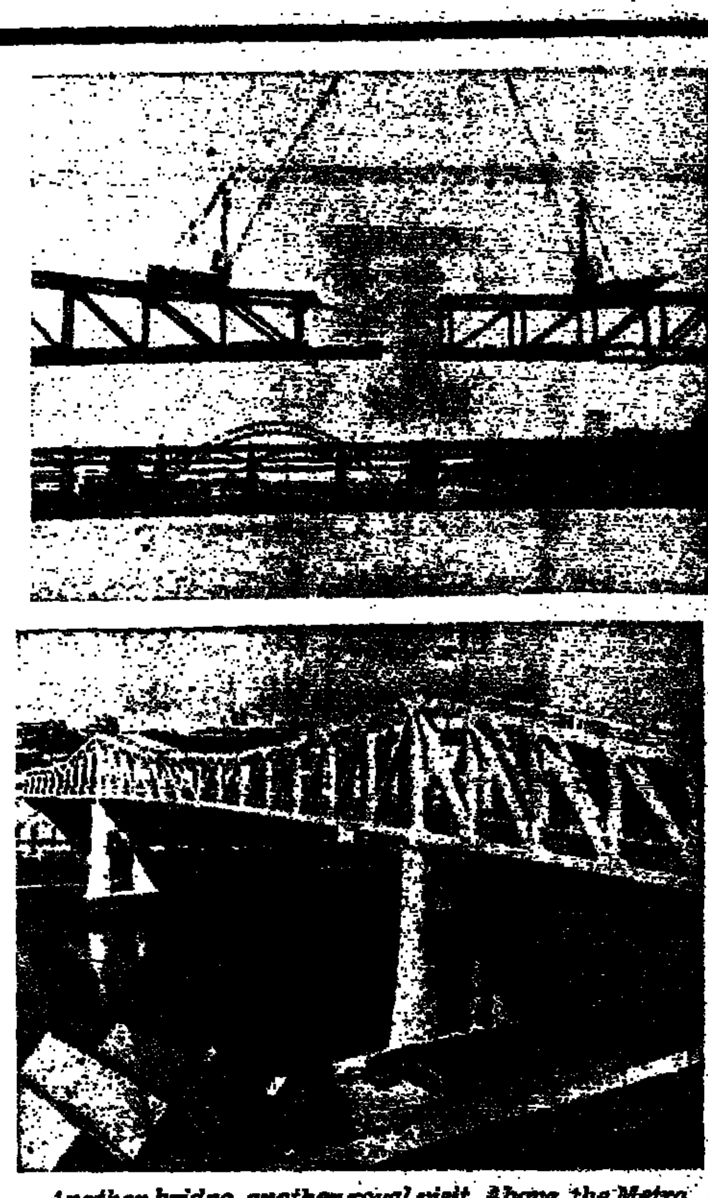


Another bridge, another royal visit. Above, the Metro bridge under construction and in finished state, with top left, King George V opening the Tyne bridge in 1928

Lynton McLain looks at the routes which the Metro will follow, and plans for extensions.

Solution to transport problems chose itself

PLANNERS on the Tyneside *passenger transport executive*, the forerunner to the present Tyne and Wear executive, considered installing everything from hover-trains to monorails, from guided buses to other aspects of new technology to solve Tyneside's transport problems.

They soon came to the conclusion that most were irrelevant to local needs or were too untested to be of use.

The solution almost chose itself. The area had a local network run by British Rail, but not integrated with the 600 local buses operated by the transport executive. This lack of integration and the generally run-down nature of the BR operation was partly responsible for rail accounting for only five per cent of the total passenger volume in 1969.

The transport executive decided to take over the British Rail local system and replace it with a rapid transit "Supertram" system. This was to be based on 26 miles of the existing BR suburban track, on a broad E shaped route north and south of the River Tyne.

In total the system was to consist of 34 miles of double track, 26 miles of upgraded BR route and eight miles of new construction, including underground work and a bridge over the Tyne.

The original cost was to have been £65.5m at 1972 prices, but this has risen to £287m at current levels.

Existing lines

The network, which is nearing completion, has made use where possible of existing routes or areas where routes were planned. The executive insists that although costs have risen, the completed system will have been built at less than half the cost of comparable systems in *Europe. Eighty per cent* has been obtained by converting existing rail lines.

In addition to taking over the BR suburban routes, the Metro uses a former freight line in the north west of the area. In Byker, an inner suburb of Newcastle, a realignment of rail *track has been made* along an earlier route for a motorway, abandoned in line with the new transport policies.

Phase I and II of the Metro opened to passengers in August last year, when services started between Haymarket station in the centre of Newcastle and Tynemouth, via the northern loop through Jesmond.

This route passes through South Gosforth, the control nerve centre of the Metro, manned by four men, where the input from remote monitoring equipment at each of the 41 stations is observed.

Four months after the opening, a study showed that the Metro was carrying 150,000 passengers a week. Almost two *thirds said it was quicker than* other means, and 13 per cent used the Metro *because it was* more pleasant.

Even at that early stage, the executive found that more than one in 10 of the new journeys involved passengers who had been persuaded to leave their cars at home. This alone produced a net gain in revenue of £100,000 a year.

Other reactions included an almost universal acceptance of the unstaffed stations. Only five per cent *suggested staffed stations*, and 60 per cent found the automatic fare collection equipment easy to use.

Smoking is not permitted to keep the bright yellow and cream trains clean and attractive. *Only 8 per cent* wanted smoking facilities.

Phase II came into use this summer and linked Kenton Bank Foot, north east of the city on the proposed route to the airport, with Haymarket via the Regent Centre interchange, where passengers can alight from buses directly into the station.

Phase IV links Monument, the main underground station in *the centre of Newcastle*, with Heworth south of the Tyne and east of Gateshead, which also has its own major interchange station. This is the route which the Queen is expected to take today, when she makes the first official crossing of the new Tyne Bridge and declares the Metro open.

Phase V will complete the return loop of the E-shaped network early next year, linking *Tynemouth to* Newcastle via North Shields, Wallsend, Walkergate, Heaton and Byker. Passengers from Tynemouth and stations on the Wallsend line will be able to travel by Metro direct to Newcastle Central Station, and to Haymarket via the Monument interchange. They will also be able to go on to St James, near the home of *Newcastle United Football* Club.

Phase VI will complete the link from Newcastle via Gateshead and Heworth to South Shields in the mid-1980s. Work is well under way on preparing the track and electronic communications to South Shields.

Tyne and Wear County Council made provisional moves to reserve land for *future extensions* of the Metro in its structure plan submitted recently to the Department of the Environment. These include extension of the Metro line from Kenton Bank Foot to the airport, a distance of about 1½ miles, along an old freight rail line.

Other proposed routes include the expansion from Heworth to Washington New Town in County Durham; from Benton to Killingworth New Town, north of Newcastle; from Tyne Dock south of the river to East Bolden and Sunderland.

However, Mr Michael Heseltine, *the Environment Secretary*, has rejected these plans by *refusing to allow the council* to reserve the required land. His argument was that because work would not start on these expansion schemes until 1991, they should not be included in the county strategy.

Despite the disappointment for the council over this decision, the existing Metro is already making a positive contribution to improving public transport.

The Metro is fully integrated with the local bus services, and the original total of 26 BR stations has been increased to 41, with one underground *station in Gateshead* and six in Newcastle.

A total of 630 staff are expected to be needed, including *all operational and maintenance* staff. This is the lowest possible number to run the 74 light rail cars.

The Metro Supertrams are expected to carry 40m passngers a year by 1983 and yet this number will be carried by only 51 operations staff a shift. This team comprises four control room staff at the South Gosforth nerve centre, 10 *Inspectors* covering the 41 stations and 37 *drivers*.

There will be no station staff, *and all tickets will be issued* by automatic machines. The tickets *are also valid for the local* buses, which account for 40 per cent of the 270m-280m *passengers a year carried* by all buses in the Tyne and Wear area.

People are already starting to "get the public transport habit," according to Mr David Howard, director of engineering. He expects between 75 per cent and 80 per cent of all revenue from buses and the Metro to come from passenger fares. For London Transport, the equipment figure is just under 50 *per cent*.

In the current financial year, the operating cost of buses and the Metro is expected to be £80m (at November 1980 prices). Fares from passengers and advertising are expected to yield £37m.

Operating deficit

The Government provides a grant which enables concession*ary fares to sections of the* community, bringing total income to £53.7m for 1981-82. This gives an operating deficit of £26.3m for the current financial year.

Of this deficit, £6m will be provided from the reserves of the executive leaving about *£20m to be found in other ways.*

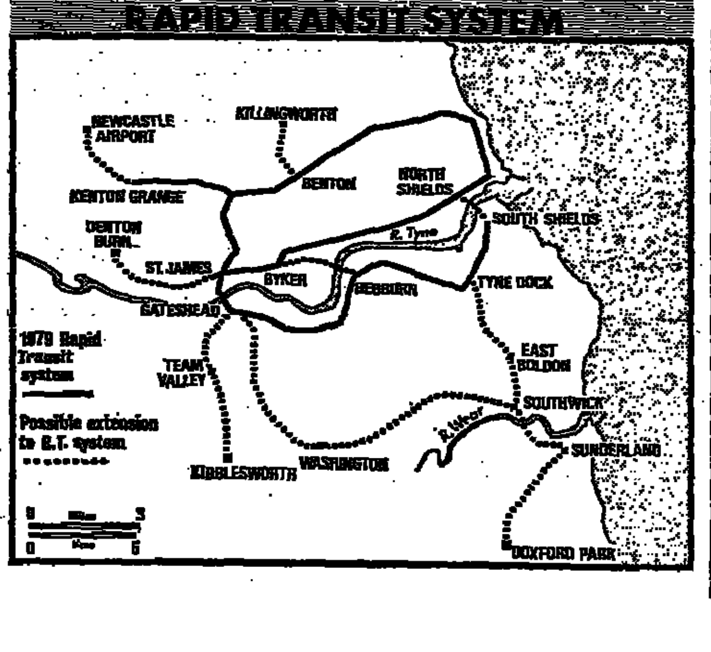
The options open are for the council to meet the entire deficit with a grant; the executive could put up fares to meet a part of the deficit, or it could cut back services.

It is already planning to cut the number of buses used in *Tyne and Wear, perhaps by 150* buses or 10 per cent, to bring its total public transport capacity back to the total pre-Metro level.

The executive wants a steady commitment to expanding the *Metro network. Ideally, it would* like a one-kilometre-a-year expansion of the track, or one new station a year.

This is regarded as marginal expenditure which would help to maximise the financial *returns from the heavy invest*ment made in the core of the system. It would also bring the Metro to people in outlying areas of Tyne and Wear who have paid heavily through the rates for the system.

POSSIBLE EXTENSIONS TO THE RAPID TRANSIT SYSTEM



David Hayward looks at the six years of construction and the difficulties, like uncharted 14th century coal workings, that were encountered

Overcoming the problems of building underneath a city

DURING the six years it took civil servants, politicians and unions to debate who should own, drive and pay for Tyneside's £280m Metro, a small army of construction workers carried out some of the most complex civil engineering work seen in Britain to link two under-used suburban railways and create the country's first fully integrated rapid transit system.

Beneath Newcastle's busy streets, a 3.7-mile network of huge running tunnels has been dug sometimes just a few yards from listed buildings and major sewers. Half a dozen underground stations, each demanding its own maze of passages and shafts, were excavated below city centre thoroughfares.

The longest steel railway bridge built this century spans the River Tyne while a few miles to the north-east a unique award-winning concrete viaduct, literally stuck together with glue, will soon sweep Metro cars through a steep-sided valley.

Construction has not been without its problems—protecting a shop basement from adjacent station work took over a year longer than expected; encountering uncharted 14th century coal workings delayed a tunnel drive several months. And when work was at its peak, consultants and contractors found themselves working against the backdrop of strict Government-imposed cost ceilings, a moratorium on contract awards and access to several building sites forbidden as a result of union blacking.

But alongside other major projects of the late 1970s, the Metro's construction story is one of success. Few industrial relations problems and little public protest despite numerous urban sites, have produced a Metro system which, at £8 a mile, is claimed by its developer to have been one of the cheapest to build.

From completion in 1971, it took just three years for the first Metro contracts to go underground — a remarkably short period for a project of this size. But the idea was relatively simple: Revitalise 26 miles of neglected existing railway, with its suburban stations either side of the Tyne, by building rail tunnels under Newcastle and Gateshead to link with new urban stations in shopping or commercial centres.

Twin sets of 16ft diameter tunnel would be needed, running north-south and east-west under Newcastle, crossing at Monument station in the heart of the city. Metro trains would emerge briefly to cross the Tyne before vanishing again in tunnels beneath Gateshead

Tunnels were driven through ground ranging from hard rock which needed blasting to loose sand requiring digging by hand. But the bulk of the drives lay through firm clay, allowing most contractors to use crawler-mounted cutting machines known as roadheaders. Under the protection of a steel shield, the roadheader operator would repeatedly sweep a large single-boomed revolving cutter across the tunnel face to gnaw and bite at the rock.

The half-mile long east-west tunnels ran in places just 13ft from the basements of listed buildings. Contractor John Mowlem pressurised the workings with compressed air to minimise settlement of the ground above.

Inching forward

Pockets of weakly compacted sand were discovered and miners had to inch their way forward, hand digging small sections of the tunnel face in a carefully controlled sequence.

This centuries-old tunnelling technique worked well and average surface settlement of just 10mm was less than the consulting engineer for all the tunnels, Mott Hay and Anderson, had expected.

The main problem driving the longer north-south tunnels was not soft sand but hard mudstone. Contractor Leonard Fairclough had to blast through the rock with explosives—a delicate operation which passed unnoticed by the householders and motorists above.

South of the river, the tunnels ran through extensive coal workings, some dating from the fourtheenth century. Before work started, engineers explored the old roadways to find several just one yard high and still bearing the tracks of coal sledges pulled by children.

All known workings were sealed with grout forced in through holes drilled from the surface. When tunnelling got under way, more headings were discovered and had to be made safe from the tunnel face.

Building techniques for the underground stations varied from conventional open excavation work at Gateshead, where construction started at the bottom of the hole and progressed upwards, to the opposite at Monument, a station built from the top downwards.

Monument station forms the main interchange for the tunnels system and is below Newcastle city centre. Its completion was crucial to the Metro's phased opening programme. But the £4m four-level underground complex, squeezed between Victorian buildings and beneath streets heavy with traffic, was arguably the most difficult construction contract on the entire scheme.

Disruption to motorists and pedestrians had to be kept to a minimum so contractor Cementation Construction first built a huge concrete slab at ground level. With traffic rumbling over its surface, Cementation started removing earth beneath the slab with the sides of the excavation supported by pre-driven piles.

As the contractor dug downwards, building the station as he went, the ground slag became the ticket hall roof while the lowest level of the 130 ft deep station connected with the Metro's four running tunnels. The main problem was boulders beneath Boots.

A sloping escalator shaft beneath the nearby chemist store required a ring of piles driven at a 25 degree slope. The task was complex in itself but the discovery of hard 9 ft long chunks of rock in the route of the piles caused about a 15-month delay.

The station takes its name from the nearby 140 ft high statue to Earl Grey, whose foundations are just 20 ins from a Metro tunnel. A ring of piles and pre-stressing cables protect the 142-year-old monument's base.

Tapering piers

A big requirement of the £5m Metro bridge across the Tyne was that it should not damage Newcastle's historical townscape. Located in the middle of the city's famous five bridges, the steel-trussed crossing blends with its neighbours while the curved and tapering concrete piers sport an attractive fluted finish.

At the southern end of the bridge, Metro tracks run beneath a busy British Rail depot. Access to this depot was denied for 18 months while rail unions, fearing job losses when the Metro opened, blacked any construction work on railway property.

This action, coupled with an eight-month embargo on awarding new contracts while the Government decided if it could afford to continue with the scheme, delayed programming and added about £1m to the final bill.

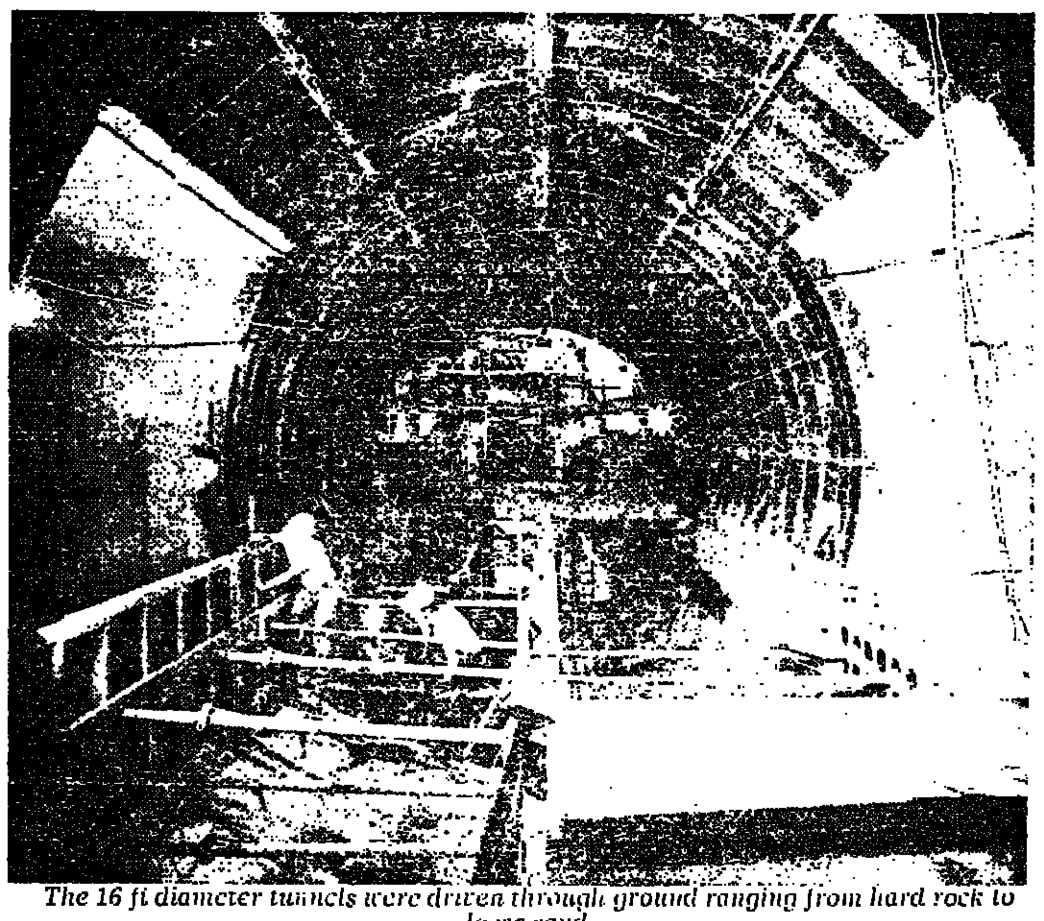
A contract for the scheme's largest viaduct at Byker started just before the moratorium was imposed, allowed engineers temporarily to forget fears of abandonment and concentrate on one of the most novel bridge construction techniques seen

Designed by consultant Ove Arup and Partners and built by contractor John Mowlem, the half-mile Byker Viaduct comprised several hundred separate concrete deck segments joined with epoxy resin glue. Units were precast nearby to fit exactly against each other and mating surfaces coated with resin before each section was hoisted into position.

Steel cables threaded through the deck were later stressed to give added strength, and the curved 18-span crossing, snaking its way across the valley, won last year's Concrete Society award for aesthetic quality.

Representatives from more than 20 countries have visited the Metro and many have admired its civil engineering. Mr William Rodgers, a former transport minister, described the scheme as bold and imaginative. He added, however, that if the system was being planned now, there was no way the country could afford to start it.

Mr Hayward is Northern Editor of New Civil Engineer.



The 16 ft diameter tunnels were driven through ground ranging from hard rock to loose sand.

Leasing deal eases the cost of Metrocars

FOR THE passenger, the bright yellow and cream "Supertram" light rail trains from Metro-Cammell are the heart of the Tyne and Wear Metro system. These Supertrams were designed by the Tyne and Wear passenger transport executive with Metro-Cammell and were built by Metro-Cammell at its works in Birmingham.

The executive regards the choice of the system as a "part of the spectrum of rapid transit systems, ranging from the street tramway to heavy urban systems such as the Hong Kong Transit Railway."

The Supertram trains for the Tyne and Wear Metro are one-man operated and can be formed into one or two twin-articulated cars. Provision has been made in station design for the cars to be used in sets of three twin-articulated units.

These three twin-car units would give a capacity of more than 20,000 passengers an hour when operating at a peak frequency of a train every two minutes.

Each "Metrocar," as the executive is starting to call them, weighs 39 tonnes empty and has a maximum capacity of 230 passengers, with 84 seated. Maximum speed is 80 kilometres an hour (about 50 mph) with power provided by a 1,500V direct overhead current. Automated signalling and radio control for the driver are standard.

The term "light rail car" reflects the scale of passenger use for which the cars are designed and the type of construction. They are based on steel bogies, steel body frame, aluminium body panels and roof sheets. The driving cabs are made of lightweight moulded glass reinforced plastic.

The Metrocars are capable of high rates of braking and acceleration and can move up steep inclines, a feature chosen in case the executive gets the go-ahead to expand to the outlying areas around Newcastle and south of the Tyne, where steeper gradients are likely.

The passenger executive ordered 90 Metrocars from Metro-Cammell and resorted to leasing to obtain 56 of them after the Government put rigid financial constraints on the project in 1976. Leasing was also used to finance part of the rolling stock purchasing programme. The Wallace, Smith Trust in the City of London helped with a £23.5m leasing facility for between 15 and 18 years.

Stations have been designed for unmanned operation, ease of maintenance and a design and scale "in keeping with their likely usage." Vitreous stove enamel panels for walling have been shown to be "relatively resistant to vandalism," and in any event there has not been any great trouble from hooligans.

The attention to design is emphasised by the careful use of contrasting colours for station equipment to help passengers with impaired vision. Bright yellow and cream is the colour scheme of the Metro, but selected stations have deep brown and red schemes painted over wrought iron girders and other structures.

A large number of specialised companies contributed to the civil engineering, electrical engineering and other work associated with the building of tunnels, bridges, the Byker viaduct, stations and associated equipment.

Many are members of the Railway Industry Association of Great Britain, whose director, Mr George Curry said at the opening of the initial section of the Metro last August that "the importance of the Metro as an export shop window of British railway engineering skills could not be overemphasised."

Mr Curry said the Tyne and Wear Metro "is the only light rail rapid transit system in Britain which has been and will be visited by public transport authorities from all over the world."

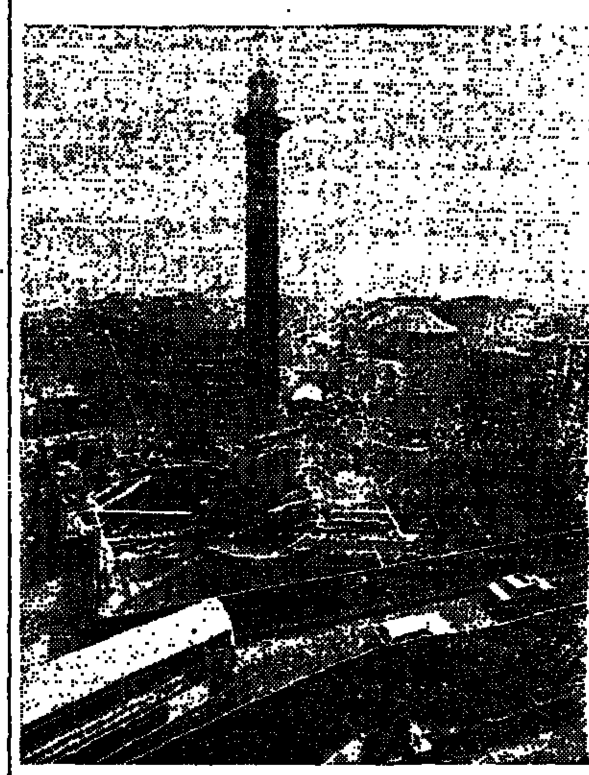
Almost half of the annual turnover of £350m of the British Railway equipment industry is accounted for by exports of railway equipment.

Leading exporting companies which have also played a role include GEC Traction of Trafford Park, Manchester; Brush Electrical Machines of Loughborough, a member of the Hawker Siddeley Group; Rediffusion Industrial Services of Surbiton, Surrey, which supplied remote monitoring and closed circuit televisions for observing the unmanned stations; NEI Parsons of Newcastle; O and K Escalators of Keighley; Westinghouse Brake and Signal, also a member of the Hawker Siddeley Group; Brecknell Willis, manufacturers of overhead pantographs for the Metro cars, of Chard, Somerset and the Permanent Way Equipment Company (Permaquip) which supplied hydraulic access equipment for use in tunnels and for overhead line equipment, as well as work for the rail track.

Many other companies contributed to the success of the Metro, especially in the civil engineering field, and their achievements are covered in a separate article.

Lynton McLain

TYNE AND WEAR METRO IV



Along the Metro line: work under way at Monument station (far left) with the less ambitious Ilford Road station (centre) and Byker viaduct, above.

Hazel Duffy discusses the background to the North-East's problems and reviews the hopes of the strategy for recovery

It's still an up hill battle for beleaguered North East

THE DEVELOPMENT and subsequent decline of the industrial basis of the North East is a microcosm of the rise and fall of Britain as an industrial nation. The basic industries—coal, iron and steel, shipbuilding and heavy engineering—which were the backbone of Britain's industrial strength in the last century, were all present in the North East. They continue to form the core of the industrial structure of the region, but their relative importance in terms of numbers employed and their contribution to the national economy, is much less than 50 years or even 10 years ago.

Given this concentration on heavy industry, the North East has found itself subjected to structural changes for a much longer period than most of Britain. In fact that structure was already beginning to show signs of change at the time of the outbreak of the First World War. It was not until the depression in the 1930s, however, that the symptoms of that change really began to bite.

Attempting balance

It was during these years that government first became involved in trying to do something about structural unemployment, although the policy was more in the nature of relief work than an attempt to secure a more balanced distribution of industry. The years following the Second World War saw fuller employment throughout the country, but by the early 1960s the problems of regional unemployment were becoming apparent again.

During this decade a second tier of manufacturing industry was being added in the North East to the established industries of coal, steel, shipbuilding and heavy engineering, to which had been added the chemicals industry in the 1920s. Much of the expansion in chemicals, however, came to Teesside after the Second World War. More recently this industry is one which has cut back fiercely.

These newer industries, including textiles and clothing, electrical and electronic goods, pharmaceuticals, components, were attracted by government incentives, both in the form of development grants—the whole of the urbanised areas of the region qualify for development, and frequently special development, grants—and the provision of government industrial estates. In addition, new towns were built at Peterlee and Aycliffe, and in 1964 Washington New Town was designated.

Industry was attracted by the availability of labour which was leaving the shipyards and coal mines, while women were being mobilised to work in sectors such as textiles. The figures in the accompanying table show that even these newer industries, however, shed labour in the 1970s as competition from overseas grew more intense.

The same has happened to some of the employment in light engineering and electrical sectors, particularly the shake-out of labour in the past couple of years. There has been a tendency, at least until recently, for companies to close factories in areas such as the North East and keep open their factories in the more prosperous parts of Britain. This has accentuated the underlying weakness of an employment structure still heavily dependent on traditional industries.

The North East has had some success in attracting companies, some foreign-owned, which have proved reasonably resilient to the economic recession. These companies have frequently brought a strong element of American-style management to the region which has proved more durable than might have been expected. The region remains hopeful that it could be the chosen area for the Nissan car plant, if the Japanese company decides to go ahead with plans to set up in the UK Sites on Tyneside and Wearside have been shown to visiting Nissan executives.

Unemployment in the North region—which includes Cumbria as well as the four counties in the North East—is the highest in the UK outside Northern Ireland, the latest figure being 14.7 per cent of the workforce. The rate of increase, however, has been less acute than in regions such as the West Midlands which have a very different industrial structure. This is due partly to the relative resilience of some of the newer industries.

The decline of the core industries continues, with the British Steel Corporation, for instance, calling for another 1,900 job losses on Teesside, and the closure of Consett last year. Only five years ago BSC planned a new steel complex on Teesside which would have a capacity of 12m tonnes. The total manned capacity of the Corporation throughout the country is now only 14.4m tonnes. In just over a year manning levels have already been reduced from 20,000 to 13,500 in BSC's Teesside works, and the plans to build another two huge blastfurnaces alongside the existing 10,000 tonnes a day capacity blastfurnaces seem unlikely ever to see the light of day.

Closing pits

The coal mines in Northumberland and Durham have witnessed a reduction in the mining workforce from 121,000 in 1960 to 48,000 in 1970 and 33,000 in 1980-81. Deep mined coal production in the region was 14m tonnes last year, and 3m tonnes open cast, the losses on deep mined totalling £34.5m while open cast made a profit of £32.7m.

Further closures in the North East are inevitable as easier-worked pits take over from the more difficult, but the new status of coal as an alternative energy source indicates that the future is not as bleak as it looked at one time even in this region.

In shipbuilding, the situation is one of greater stability than appeared possible a few years ago. Buffeted by competition from Japan as far back as the early 1960s, and later from newer industrialising countires, the British shipbuilding industry is a pale shadow of its former glory. Nevertheless the industry still exists and shows signs of fighting back in some of the recent orders that it has gained. Tyneside and Wearside have been the scene of some of Britain's greatest naval and merchant ships, including the SD14s built at Austin and Pickersgill, the most successful merchant ship designed in the UK in the post-war period.

Heavy engineering continues to be a major employer in the region, with process plant, mining equipment and boilers, well represented. Although there have been radical changes since the days when Vickers employed thousands along the Tyne in the manufacture of armaments, companies like Northern Engineering Industries — created from the merger in 1978 of Parsons and Clarke Chapman and now working on equipment for the two new AGRs as well as a number of mechanical engineering activities—have emerged much stronger after a period of slimming.

The region is engaged in substantial work in connection with North Sea equipment, but it has not been able to capitalise on the big servicing sector for the North Sea which is concentrated on the East coast of Scotland. The first three platforms for the Forties Field were built in Hartlepool but the yard has since closed.

The North East has not managed to become a major force in the services sector. This is said to be for historical reasons—it has never had the base of building societies which grew up in Yorkshire and other parts of the country: Newcastle is a regional centre, which is reflected in its shopping complexes attracting people from all over the region. But, in spite of the location of the Department of Health and Social Services head office in the city and the headquarters of British Shipbuilders, it has not yet emerged as a centre for the head offices of private sector industry.

The historical structure of primary and heavy industry in the North East is cited as the reason for the fact that it is bottom of the league in the country for the formation of new businesses. Unlike the West Midlands, which is studded with small engineering workshops making bits and pieces for the assembly industries, the major manufacturing groups in the North East have been traditionally vertically integrated and the source of their own engineering requirements.

An active business in the region, however, has been the proliferation of voluntary organisations created to help people who want to set up their own businesses, while the business school of Durham University has established itself as a centre of study into small business activity.

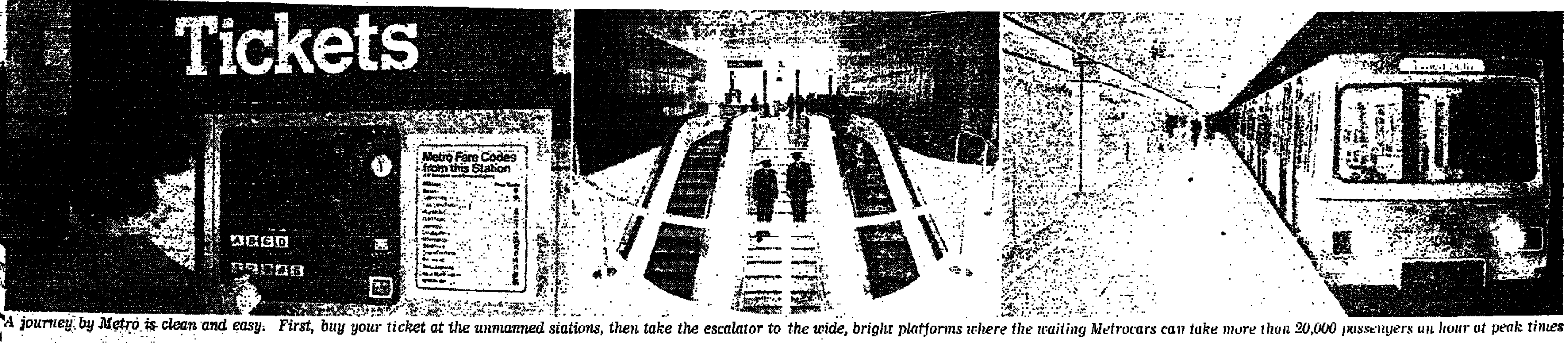
In the light of these efforts, and given that the North East has long been accustomed to adapting itself to changing industrial needs, the region deserves to be seen as one of the most enterprising and resourceful of any in Britain with a more promising future than the current economic circumstances would seem to indicate.

TOTAL EMPLOYMENT IN THE NORTHERN REGION ('000)

	1971	1981	Change
Total	1,207	1,130	−77
Primary industry	83	59	−24
Manufacturing:	461	341	−120
Food, drink and tobacco	35	28	−7
Chemicals	60	50	−10
Metal manufacturing	51	26	−25
Engineering and allied industs.	196	149	−47
Textiles, leather and clothing	58	35	−23
Other manufacturing	60	54	−6
Construction	83	80	−3
Services:	580	650	+70
Gas, electricity and water	21	20	−1
Transport and communications	70	65	−5
Distributive trades	133	133	no change†
Financial, professional and insurance	280	345	+65
Public administration & defence	77	87	+10

† Although no change is shown for the decade, there have been considerable changes in individual years, the figure peaking at about 148,000 in 1978 and 1979.

Source: Department of Employment Gazette



A journey by Metro is clean and easy: First, buy your ticket at the unmanned stations, then take the escalator to the wide, bright platforms where the waiting Metrocars can take more than 20,000 passengers an hour at peak times

Anthony Moreton looks at the contrasting faces of two places whose situations could be profoundly changed by the advent of the Metro

Newcastle starts to develop a new face

FOR THE PAST 52 years, the dominant view for visitors arriving in Newcastle from the south has been the Tyne Bridge, with its huge lattice-work steel arch. It is one of the industrial architectural landmarks in Britain.

But the construction of the bridge did a lot to bring about decay in the commercial area alongside the river under it. Traffic which had to run through this part of the city was diverted and, the area, already hit by the recession, began to atrophy.

Now there is a vision in the city to bring life and vitality back to the quayside. It is a vision which will take time to accomplish, a lot of money to implement and great patience. But there are already signs of new people, businesses and vigour.

Newcastle has undergone a great deal of change in the past 25 years. Its shopping centre has been rebuilt and the Eldon Square indoor heart of it can stand comparison with that of any other British city. The civic centre has been rebuilt and much building has taken place, such as the Byker estate, away from the centre.

But little attention has been paid to the riverfront. Even those works and offices which weathered the depression and the false uplift of the Second World War have largely gone or been greatly reduced in scale as Newcastle has become a city of shops and offices rather than manufacturing industry.

The decision to do something about the Quayside does more than just restore some of the city's architectural heritage. It is here that the New Castle from which the city takes its name was built in 1080. There are other reminders of the past: the Guildhall, built in 1655; Trinity House, rebuilt 130 years ago on a site centuries older; All Saints Church, built in 1765, deconsecrated in 1965 and being remodelled as a concert hall; and the city's cathedral of St. Nicholas.

Most of the present architecture of Quayside dates from the middle of the last century and there are ample reminders, under the grime and behind the broken windows, of the elegance that Grainger and Dobson brought when they built so much of the city on classical lines.

The present council wants to preserve these links and is, together with the Government, putting £2.5m over the next five years into refurbishing the area.

There have been criticisms in the past, not altogether unfair, that Newcastle has been much more interested in public building on the brutal scale. The city no longer wears such blinkers. It is anxious for private capital to play a part in the development of Quayside.

Partly this change of heart has been dictated by financial considerations; but it is also a realisation that the private sector can contribute to civic well-being.

The vanguard of the private sector can be seen from the infiltration of restaurants, galleries, antique shops and dress shops down Black Gate and The Side on to the waterfront. A small theatre, helped by the council, has arrived. Stonework is being cleaned.

The council has resurfaced the Quayside, on which the traditional Sunday market is held, at a cost of £41,000. Further work is to be done on the timber piling and the £74,000 reclamation of the Croft Stairs site is going ahead. The council has estimated that for every £1 it lays out on public works, the private sector will probably contribute 10 times as much.

The scope for rejuvenating the area might be seen from what has happened at Hull's docks or to a lesser extent from Cardiff's Pier Head. But such rejuvenation would have been of little consequence, even in Newcastle, had the water authority not undertaken the Tyne sewer scheme.

Until recently, the Tyne smelled pretty high and it was difficult to imagine anyone but the bravest taking a walk there on a summer's evening. Now the sewage is being piped to a new treatment works and the air is more odorous.

Panoramas like the view from Quayside of six bridges are ones that the city hopes will appeal to the many Scandinavian holidaymakers who land in Newcastle and immediately head north for Edinburgh or south for York. The city would like to relieve them of just a little of their spending before they head out of town.

If the development of Quayside is a key to the regeneration of part of the city, there is another important key—the enterprise zone. The zone, which spreads to the West of the new Metro bridge, has become the focal point of nearly all the development activity in the city. Most of the land within its boundaries is owned either by the city or by Vickers, and the engineering giant has announced a £7.5m investment in a factory on its 22-acre Scotswood site.

A modern munitions and armaments plant is to be put up, as a result of which a 70-acre site owned by the company at Elswick, nearer the city centre, is available for other developments.

Bewteen the zone and Quayside, the city would like to develop a former brewery as a purpose-built conference and concert centre. Newcastle has managed to attract several important conferences, such as last year's BMA gathering, to the civic centre but it would like to move up a league and compete with towns such as Harrogate and Cardiff, which have facilities for conferences of up to 2,500 people.

Such a development would not only help regenerate Quayside but it would also put Newcastle more prominently on the map. This is part of the vision that the city has for itself and is a good augury of things to come.

The athlete who put Gateshead on the map

WHEREVER there are twin towns separated by a river, one partner is always going to be senior. Who thinks of St Paul when there is Minneapolis? What chance has Birkenhead when Liverpool are playing in the First Division?

So it is with Gateshead. For years, perhaps centuries, it has had to play second fiddle to big brother Newcastle across the river. But, oddly, Gateshead is better known in parts of Russia, the west coast of America and many African countries than the city which calls itself the regional capital of the North-East.

Gateshead's international reputation is almost entirely because of one man—Brendan Foster. Mr Foster is not a politician or a pop star but an athlete. He has now retired, but was one of the greatest middle-distance runners ever to represent Britain.

The ultimate accolade, an Olympic gold medal, eluded him but he was the world record holder over 2 miles and 3,000m, he won a bronze medal at the 1976 Olympiad in Montreal (the only medal Britain collected from the track events) and he collected golds at the 1974 European Games and the 1978 Commonwealth Games. Other prizes fell into his lap with amazing regularity.

Mr Foster comes from Hebburn, which is in the borough of South Tyneside, but it is as near to Gateshead as makes no difference. In 1974 he was appointed manager of the town's sports and recreations department. From that moment, Gateshead began to appear as a name in world athletics.

Gateshead had a stadium built in 1956 and a good athletics team, but the arrival of Brendan Foster and the laying of an advanced running track at the stadium allowed the town to invite the world's leading athletes to compete there. The stadium and the track by themselves would have been as nothing without Brendan Foster's influence: he knew all the world's leading athletes and he was determined to bring them to his home.

Although he collected a chemistry degree from Sussex University, Brendan Foster is deeply committed to the North East and he saw athletics as a way of giving the town a belief in itself.

His commitment paid off. Gateshead became one of the two most important centres of athletics in the country. It could argue that it is the premier one, because London's Crystal Palace Stadium often is merely half full.

Gateshead has had three major promotions this year, including the Britain v. Russia match: once it was full with 14,000 spectators (half of them seated) and on the other two occasions it had crowds of 12,000.

Today the Queen opens a £3.8m sports and leisure centre which is part of Mr Foster's empire. It will be the venue for the country's basketball cup final and early next year for a snooker international between England and Wales. Gateshead is on the sporting map.

It needs the boost that sporting occasions such as these bring because it is having a difficult time economically. Unemployment is as bad as in most other parts of the North East and it is difficult to attract the companies and types of industry essential if the area is to grow again.

The arrival of the Metro, which comes right into the town centre, will help. But the Metro is a double-edged weapon; it can take shoppers out as quickly as it brings them in, and Newcastle's shopping centre is immeasurably superior.

The difficulty of attracting industry is proving hard as can be seen from the fact that even small factory units of about 2,500 sq ft are difficult to shift. Several blocks this size are available and with more factories due to be completed in the next year, Gateshead could be in the unfortunate position of having an excess of factories!

There is a very substantial ray of hope. Gateshead is one half and by far the larger half (if that is mathematically possible) of the Newcastle/Gateshead enterprise zone, one of 11 created in the UK to regenerate run-down industrial areas.

The zone has had an immediate effect by focusing investment attention on the area. Gateshead's part of the zone is actually in three segments: a long stretch along the river; part of the Team Valley estate (the first industrial trading estate in Britain when it was started in the 1930s); and an area around Blaydon, famous for its song on the Blaydon Races by Geordie Ridley in 1852 when he was, even then, lamenting the fact that the horses had gone.

There is a strongly-held view that the enterprise zone could act to the detriment of other investments—in the town and outside—by concentrating people's minds solely on it. If this happens, then Gateshead takes the view that it is better the zone should be within its boundaries than in, say, neighbouring South Tyneside.

The arrival of the Metro also means that the final stage of the town centre development can be completed. The most important part of this undertaking was concluded 11 years ago but one section had to be held back until the Metro station and the associated bus station had been sited. With the Metro in operation, the town centre extension has the green light.

Gateshead is a town with problems but with an enormous sense of vitality. The Queen will probably be shielded, unlike her people, from the problems but she cannot but be impressed by the vitality.

Leonard Burt

A typical street in Byker, where a new enterprise workshop aims to provide jobs for some of the surplus labour

Rhys David on the Metro's effect on employment and efforts being made to attract industry

Better mobility should boost jobs

FOR THE labour force of Tyneside, both employed and unemployed, the development of the Metro has had one immediate consequence. Until now workers from one part of the conurbation have often been reluctant to travel very far in search of work— particularly if it meant a cross-river journey with the attendant traffic jams and the prospect of a change in buses.

The Metro in theory opens up the possibility of much greater labour mobility throughout the region, with an office job in the Regent Centre, an expanding administrative centre in Gosforth, feasible for the married woman in Gateshead, and a job in manufacturing south of the river more accessible to a man from North Tyneside.

But while the prospect of being able to tap a wider pool of labour should make the *region more attractive to employers*, the task of creating new jobs remains a difficult one, with an almost bewildering array of organisations now attempting it. Each has different schemes designed to ensure no potential employment provider escapes the net.

As a development area — and one which will retain that status beyond next year when Government plans to trim back the area of the UK qualifying for assistance come fully into force — Tyne and Wear benefits from the full range of regional aids on offer. The local authorities in the area are supplementing the government package with their own incentives, including factory units, and financial assistance, and in one case a scheme that requires the would-be entrepreneur merely to come up with a good idea.

Armed with this, the potential inventor can apply to Tyne and Wear's **Innovation Centre**—two factory units formerly occupied by a knitwear company at Pelaw, Gateshead — where his brainchild will be professionally assessed.

Patenting advice

If it seems promising to the centre's manager, Dr James Hedley — a technical planning manager recruited from Delta *Metal — and* to his advisers, facilities including workshop space, equipment, and technical assistance can be provided to help take the project through to prototype stage. Advice will be given on problems such as patenting and on raising finance for a move into a small factory unit when this stage has been reached. Many of the clients, some of whom are from outside the region, need help in the use of workshop equipment, and this, too, is offered.

A budget of £220,000 over three years has been set aside to fund the centre with Tyne and Wear County Council contributing 25 per cent and the Government's Newcastle Gateshead inner city partnership the balance. *Individuals will only have* to pay a small sum for using the centre, particularly the unemployed, but companies will have to pay a more economic fee. If any ideas result in *successful projects it* is possible the centre will want to negotiate a royalty. The main benefit as far as the county is concerned would be the jobs created in companies set up as a result of the help the centre will give.

For those beyond the ideas stage, another of the local authorities in the area, Newcastle City Council, has established its **New Enterprise Workshop**, a group of small factory units at Byker, offering the budding entrepreneur access for a 12-month period to a common pool of metalworking and woodworking machinery for a small rental. The aim is to make it possible for individuals who have set up in garages or similar buildings, and who are perhaps reluctant to sign a lease on a small unit, to take *the first steps into business.* Using the workshop they will only need initially to buy materials and find the rent.

At county level more general aid to industry is to be channelled through another body the Enterprise Trust, which also draws on the support of the local chamber of commerce, *the regional* TUC, the region's higher educational establishments and local industry. The Trust, which is based on similar approaches in other parts of the UK including Greater Manchester's Economic Development Corporation, will try to harness the resources of the various groups backing it to stimulate the growth of small and medium-sized businesses.

Operating with an initial budget of around *£250,000 over* three years, the trust will try to foster interest and understanding of entrepreneurship in the region among the people and among local financial and professional institutions. It will offer information, counselling and advice to clients, some of whom may be directed to the Innovation Centre or the Enterprise Workshop. Clients will be put in touch with sources of finance, or with possible sources of help in the larger companies within the region.

Supplying guidance

The Trust expects to be drawing on the services of higher educational institutions in the region, most of which are now involved in small business promotion and a link is being established with **Enterprise North**, the University of Durham's advice service for new starters. Enterprise North itself operates through a series of panels of four or five individuals working in industry *within the region and chaired* by an experienced businessman. The panels handle inquiries received directly or through other agencies. Inquirers are advised what written information they need to supply about their project and subsequently offer guidance on how to proceed at an interview session.

There are other schemes on a grander scale, not least the Government-backed Enterprise Zone covering 1,200 acres of land—220 acres along the north bank of the Tyne in Newcastle with the remainder in three sections on the *Gateshead side*, one of which stretches out into the huge Team Valley estate of English Industrial Estates.

On the north bank land ownership is mainly in the *hands of two parties*, the city council and Vickers, which has already announced plans for major redevelopment. The company is to spend £7.5m on a new factory on the site of its former Scotswood works, to produce armoured vehicles thus releasing 70 acres of land at Elswick for new developments. This site is one which the city would like to see developed to a high standard in keeping with *the importance of its position* alongside the river.

With all these approaches—and other schemes such as the designation of parts of the centre of the conurbation as industrial improvement areas qualifying for extra resources *aimed at improving the overall* working environment of existing companies—the region believes it has assembled as wide a package of aid for industry as is available anywhere in the UK. The formal opening of the Metro will once again focus world attention on Tyne and Wear. The local authorities hope this will give badly needed *encouragements to established* and fledgling businesses.

Nick Garnett explains why the labour market should prove attractive to employers

Workers ready for action

THE LABOUR catchment area for employers in Tyne and Wear is already relatively integrated, but the Metro will result in much greater strengthening of that cohesion.

The general picture of the labour market pointed by *local* authorities, the Manpower Services Commission and Department of Employment statistics is one that is attractive to almost all types of employers.

The labour relations record is relatively good—and better than some other industrial zones —there are large numbers of unemployed for almost all types of skills and trades and the manpower availability is backed by a healthy history of industrial training and productivity.

The relative abundance of available skills is a reflection of the way structural changes and the current recession have bitten deep into the labour fabric.

The city of Newcastle has generally contained higher proportions of workers in skilled manual jobs than in the country as a whole, according to a labour resources report prepared by the city council and just published in updated form.

Better qualified

The female workforce has tended to be better qualified than in the country as a whole and the proportion of working married women in Newcastle is now the same as in other parts of the country. The male manual workforce has had more vocational training than in most other areas.

Figures collated for the period up to the first part of *this Government's term of office* indicated that on Tyneside there were about 5,000 each of electricians, metal plate workers and welders and more than 12,000 engineering fitters.

Within Newcastle itself, there are some 130,000 "economically active" adults—either working or available for work. Within the overall catchment area—the city, together with Gateshead and North and South *Tyneside*—there are more than 400,000 economically active adults.

There is no evidence that people or skills are moving out of the area in large numbers. What figures there are suggest just a trickle of workers, made redundant from old industries, leaving.

The Manpower Intelligence Unit of the Northern Region's Manpower Services Commission in Newcastle says that the problems over the past two or three years have probably not changed the skill mix in the Tyne and Wear area.

What has been happening though is that skilled workers have been forced to change their skills or reduce their skill-work-element-expectancy when seeking jobs. The Intelligence Unit also argues that very significant numbers of employers have been using the recession to require individual skilled workers to cross previous skill demarcation boundaries and take on a greater variation of tasks.

Since the Consett steelworks closed in September last year, 2,000 ex-workers have either *moved into new jobs, new skills* or left the area, leaving 1,600 registered as unemployed.

Over the past two decades, of course, the decline of the traditional industries—mining in *Durham, shipbuilding and some* sectors of heavy engineering—has removed or drastically reduced some trades. In most cases, though, vacancies for these skills have been falling even faster.

For the Tyne and Wear area, unemployment in almost all categories is rising and vacancies falling. In the county area there are some 58,000 adult males unemployed and 20,000 adult females.

Among the men, a quarter are listed as skilled craftsmen and 7 per cent managerial and professional. A fifth are in a general category and most of them are unskilled. Almost a third of the unemployed women have been in clerical posts.

The typical profile of labour relations in the North East is of a well organised and deeply unionised workforce with a record of strikes and disputes in line with the country as a whole but considerably better—at least in terms of some figures—than some other industrialised areas.

Wages have been near the average for the country, *but* some statistics indicate that productivity — measured in terms of output per employee —*has* been higher than elsewhere.

Th principal organiser of labour in the immediate Newcastle area is the General and Municipal Workers Union whose policy on labour action tends to be moderate.

Department of Employment statistics have been used by local authorities in the North East to show that the record of working days lost through industrial stoppages is better than *Merseyside*, Clydeside and Coventry.

The ravages of the recession on overall earnings has not been quantified for the region but earlier figures pointed to earnings on a par with national figures but with some variations. For female non-manual groups excluding professional workers in education, welfare and health, earnings levels were below the national average. For skilled manual workers on payment-by-result systems, the Northern Region has been among the highest paid in the country.

The area claims to provide some of the best industry and technology-related training in the country. These include provisions made by the university, polytechnic and college of arts and technology in Newcastle as well as other colleges in the area.

eenwich

Another Country

by B. A. YOUNG

he characters in Julian Mit-ll's play are sixth-formers a *top-grade public school*. e time in the early 1930s. of them is a militant Com-nist, one of them is a preda- homosexual, and Mr Mit-ll's aim is to demonstrate the entrenched customs of lic-school life suppress any ught outside the accepted s.

Bennett would have been out place in any sector of English iety at that date, for he is te insatiable. During the rse of the play he is in love h Harcourt, a boy in another ise, whom he watches avidly ough binoculars, favouring friends frankly with his ughts as he does so. When inevitably runs into trouble the other men (sic) eaten to report him to the semaster, he says that if this pens he will tell the house-ster the names of all the boys has had sex with, which ms to include the whole lot, art from the fag Wharton ary Carp), whom no one ld possibly fancy.

Judd's Marxist proclivities do t get him into any trouble rse than an invitation from visiting lecturer to be taken meet Harold Nicolson; he ly takes revolution to the gth of declining to serve in Corps. Mr Mitchell, writing if from the standpoint of e of his own boys, links both viations to house politics, ether or not So-and-so will be prefect and so on; and there is no doubt that in that kind of community it is considerations *of that* sort that really seem more important than the reform of society.

Stuart Burge directs the play on a design set by Bernard Culshaw on a revolve that allows the slices of Victorian public-school architecture — library, study, dormitory, cricket field—to be presented without delay. The company look, even behave, more like adolescents than one can usually hope for, Rupert Everett as Bennett particularly. All the nastinesses of public-school authority are on display, from the proto-fascism of Michael Parkhouse's Fowler to the decadent lack of purpose of Simon Dutton's Delahay.

*The visit of Vaughan Cun*ningham, the degenerate liberal lecturer, shows what might happen to Bennett or Judd if allowed to grow up without check; I don't know if that was what Mr Mitchell intended to say, but it was certainly the conclusion I reached. My chief reservation about the play is that it has so little to say to the public schools of the 1980s, whose sixth-forms are liable to include girls (or boys in the case of girls' schools), and where homosexual practices are no longer greeted with instant expulsion but with a psychological chat about not letting these things become too important. As for Communism, I suspect it's as common as Conservatism nowadays.

adler's Wells

Partenope

by MAX LOPPERT

In *Partenope* (1730), which augurated its annual Rosery Avenue fortnight on Wedsday, Handel Opera have cked a winner—a deliciously tty, intimate comedy of mantic errors given with licious lightness in Tom iwkes' expert production and iarles Farncombe's conduct-g.

It comes from the period ien Handel's fortunes were at low ebb; with his New ademy he was attempting to n back (in this case unsucssfully) a following so cently seduced from the high ious Italian operatic style by runaway triumph of *The ggar's Opera*. Whether this me, or simply strained finanil resources, directed him wards a libretto (by Stampia), a dramatic style, and a e of means so markedly duced in range and scale it is rd to say: but alongside one the great *opere serie*—tone, say, *Tamerlano*, or *riodante* — *Partenope* feels most, in the best way, like a usical comedy. The A-loves-loves-C-in-disguise plot is reaked with humorous confuon. The arias are in the main iort, limber and scored in ssamer fabrics. Opportunies for ensemble are seized ore frequently than usual; id though the welling of eper Handelian emotion is *it absent—notably* in the last t—a tone of bright, fluent wit what one takes most happily om the encounter.

A 1961 Abingdon revival vhence emerges Alan Kitchg's translation, used here) and complete recording (which anley Sadie in *Gramophone* ckoned to be "comfortably e best Handel opera recording I have heard") preceded this production in the rediscovery of *Partenope*. In the aftermath of so choice an evening of pleasure, one imagines the work's star will continue to rise. The best thing about this Handel Opera staging is that, while every opening for comedy is pursued to the limit (and perhaps even *beyond, in the naughtily hilar*ious tea-party setting that opens Act 3), the passages of more serious feeling are not thereby scamped. The touch of delicate send-up in Mr Hawkes' handling of a most accomplished cast is seconded at every turn by the Peter Rice decors and costumes, a stylised riot of frou-frou decoration retained just this *side of the indigestible*.

The title role, the founding queen of Naples, properly belongs to a grand, glittering high soprano; perhaps Lynda Russell lacked a touch of forward projection in the tone, but on their own terms her admirably fluent, unfailingly sweet-toned singing and easy, graceful presence triumphed. To Paul Esswood's *mellow countertenor* goes the castrato role of Arsaces (butt of the comedy, he also has the most beautiful, gentle airs): and to Linda Ormiston from Scottish Opera, a strikingly adept comedienne, the contralto Rossmira, in love with the faithless Arsaces and until the close handsomely sustained in male disguise. Elizabeth Brice's Armindus (using a later soprano version of what was in 1730 a low-voiced travesty role), and Kenneth Bowen's Emilius (even if his fast passagework became a blur) gave neat accounts of themselves; of the single baritone air Eric Roberts (Ormontes) made much. This is a *Folie à sir* of rare finesse, and much recommended.

Cinema

Puppets of the Third Reich

by NIGEL ANDREWS

Mephisto (AA) Gate 3, Camden Town
Absolution (X) Odeon St Martin's Lane
Back Roads (AA) Leicester Square Theatre

Nazi Germany is the favourite coconut shy of modern cinema. Audiences of all political persuasions—whether from Left or Right or Centre, *or from any*where but perhaps the wildest reaches of the NF—can gather round and happily throw wooden balls at Hitler, Goering, Goebbels and Co, their tufted coconut-heads totemised and dehumanised by time. Which makes hindsight movie assaults on the Third Reich at once pleasantly enlivening and curiously vacuous exercises. Films like *The Last Metro* or *The House on Garibaldi Street* or *The Boys from Brazil* are swat-the-nasties self-congratulation sprees for an audience *à la recherche de* totalitarianism *perdu* and taking escapist leave from seeking out totalitarianism in their own midst in their own time.

Istvan Szabo's Mephisto is another bash at the Third Reich and vivacious viewing for 2½ hours. But 45 years of distancing have taken some of the news—and shock—value out of the original material, Klaus Mann's 1936 *roman à clef* about the rise and rise of a German actor-manager who kowtowed to Nazism to build a sumptuous stage career under the bright lights and swastikas. Much of the film, accordingly, is like an awayday trip to movie Naziland, steaming through such familiar stations as Hitler's accession to the Chancellery, the burning of the Reichstag and the initial persecution of the Jews.

But *Mephisto* has two wild *cards in its possession*: its lead performance and Szabo's cunningly against-the-grain distribution of sympathies among the main characters. Austrian stage actor Klaus Maria Brandauer is our "hero," Hendrik Höfgen. First glimpsed as a self-styled "provincial ham" in Hamburg, he rises to become boss of Germany's Berlin-based *National Theatre*: chiefly by stepping into the shoes or over the bodies of departing friends.

Brandauer is electrifying. He's chubby-faced and prosaic-looking in repose, like a truant bank manager. But in speech or action he suddenly lights up like a human pinball-machine. He uses language, gesture and *facial expression like a system* of flashing, pinging signs, lassoing diverse thoughts and emotions as they fly by, and he wholly convinces us of a man whose careerist ruling passion can swallw politics, and political scruples, whole.

The film's title is in part a tease. For though we see Höfgen score his greatest stage triumphs as Goethe's Mephisto, with bald demonic pate and face caked in white, he's the "Faust" of his own story. He buys success and security by freely delivering up his soul to a cankered society. *Szabo's skill lies in never making us despise, or even dislike, him, and in re*fusing to paint in pastel — tones of pristine virtue Höfgen's antagonists or in harsh hues of villainy his Third Reich compeers. The actor's emigrating, anti-Nazi wife (played by Poland's Krystyna Janda, of *Man of Iron*) is a wealthy, airy prig, with some suspiciously *louche* liaisons with her women *friends, while the Nazi General* (Rolf Hoppe) who is our hero's patron is sketched with a charm and *kultur* — he's like a house-traineed Otto Preminger — that makes Höfgen's submission to him believable.

The walk-on characters and the big set-pieces in the film are culled more from the stockpile of Nazi Cinema: the bony *Aryan faces and clipped vowels* of German adjutants, the red-white-and-black hyper-pomp of gala dances or rallies or first nights. And it remains a gnawing weakness in the film, as with all Third Reich epics, that the horrible uncertainties that *Europe must have felt in the* 1920s and '30s — would Hitler's rule truly prove a Reign of Terror? would censorship and suppression truly spread through all walks of German life? — can never be communicated to a modern audience, solid in their hindsight and all too well-primed by history on the horrors of Hitler's Germany.

But *Mephisto* still packs a playful and powerful punch, as it shows the human building-bricks with which Hitler began to erect his massive, millennial, Mephistophelean empire.

Absolution is also played out on a grand stage of Good and Evil. Richard Burton flexes a fearful frown and fissured cheeks as Father Goddard, dispensing metaphysical gloom in a Catholic public school on one of England's green and pleasant hills. Down among the Satanic woods is loose-living Billy Connolly, rigging up an *al fresco* hammock and cooking fire, an itinerant Bohemian *à bicyclette*. And between these ethical and behavioural poles commute the curiouser *and* braver blades among the schoolboys: notably Dominic Guard, the apple of Burton's eye but turning a bit cankered when out of it, and gammy-legged Dai Bradley, a drawling sycophant and sneak whom everyone in the school, and most people in the audience, want first on the list of bumpees-off.

Murder stalks the cloisters: persiflage pops up in the confessional; and Burton's bas-relief face smoulders like a Roman coin left out on a hot ring. Anthony Shafter penned this weirdly compulsive film which has had two or three years of totally unjust shelf-life and now jumps out at us like a cross between Dostoevsky and Dornford Yates. The hothouse dialogue—richly distilled from religiosity and schoolboy jargon—is better than *anything* Shaffer has carpentered since *Sleuth*, and the turnover of bodies in the film, as flying shovels thwack by night, should please the most carnivorous thriller adicts. A *sui generis* delight, and a bonus from the blue for British cinema.

*

Sally Field and Tommy Lee Jones, *police-harried orphans of* the storm in Mobile, Albama, *take* to the road in *Back Roads*. Ever since Charlie Chaplin and Paulette Goddard diminished towards the skyline at the end of *Modern Times*, while "Smile" squeezed out its sweetness on the soundtrack, the highway has been holy in Hollywood films: conveying odd couples of all denominations towards their dreams, usually in a Westerly direction. The problem with Ms Field and Mr Jones, hooker and ex-boxer respectively, is that they aren't odd enough, nor does the film delineate much of a dream. It's flight to California after Field has given up hope of being reunited with her adoption-surrendered son, and after Mr Jones, in a street fracas, has poked a policeman in the snoot.

Once it hits the road, the film falls to pieces as if off the back of a lorry. Writer Gary Devore and director Martin Ritt find little for their duo to do but twiddle their thumbs in stop-over small-towns, she flexing her trade to earn travel money, *he whimsically honing his fists* for a boxing comeback. Sally Field has a bewitching pretty-doughnut face that's always opening and crumpling with fun and sadness, and Tommy Lee Jones (of *Coal Miner's Daughter*) wraps his tongue and triceps around another husky study in Southern virility. But as the long day's odyssey wears on, one keeps wanting to flag the couple down and ask them, Is Your Journey Really Necessary?

Klaus Maria Brandauer in 'Mephisto'

Wyndhams

All My Sons

by MICHAEL COVENEY

I suppose, although I doubt it, that someone some day might find a new and exciting way of producing the plays of Arthur Miller. In the meantime, the old and exciting way will have to do. While there is much to applaud in Michael Blakemore's beautifully rhythmed revival of this 1947 warhorse, it could have appeared on the London stage at any time in the last 20 years.

Miller is the supreme nitpicker in the fluffy blanket of the post-war American dream, translating the savage moral demands of guilt and retribution in Greek tragedy to the new prosperity of the mid-West. Critical wisdom has always preferred *Death of a Salesman* to *All My Sons*, presumably because the dramatic technique in the former is more florid, more supple. But there is a drive and coherence to the earlier play and a wonderfully controlled complexity of plotting that disarms any complaints about its old-fashioned surface. Strictly observing the unities, the story is told with minimum fuss and maximum power.

The back-yard of Joe Keller's home is handsomely realised in Hayden Griffin's design of white clapboard, green shutters, verandah and semi-realistic elm trees. This picture of domestic stability has a symbolic flaw in the downstage broken tree. The tree was planted in memory of the elder son, Larry, who went missing while flying on war duty over the coast of China. Joe's factory that provided cylinders for the air force has since expanded to provide the community with kitchen appliances and himself with unlimited wealth. All hopes are now pinned on the second son, Chris, but Kate Keller refuses to believe that Larry will not come home.

In the first act, an abundance of information is released without any strain on the characters' credibility. It is impossible to underestimate Miller's skill here. We learn why the tree was planted, why Kate behaves as she does, how Joe was exonerated after a court case over the cracked cylinders that led to the deaths of 21 American pilots, and how the apparent affection between Joe and Chris has patched up the latter's misgivings about living off dirty money.

The following two acts turn the screw as a series of revelations force the truth into the open and drive the family apart. The final gun shot is as cunningly and inevitably prepared as any in Chekhov or Ibsen.

*Apart from a few unfor*tunately wooden encounters between Chris, Joe and the lawyer friend who accidentally uncovers the truth at the very moment when a family outing to dinner will apply another gloss coat to the rotten infrastructure, Blakemore's production proceeds with a fine weight and precision. Colin Blakely's Joe has perfected a bonhomous style of fly naturalism, worming his way out of awkward corners with a well-timed call to the party spirit or a deeply felt reminiscence of instinctive paternalism. This is a performance of grizzled charm, often understated but all the more powerful for that.

Rosemary Harris returns to the London stage with a fine portrait of a sedated mother incapable of distinguishing between hope and illusion, while Jill Baker in the difficult role of the girl next door manages an effective variety of emotions without sacrificing an innate steeliness. Garrick Hagon is a sympathetic Chris and there is fine support from *Ken Drury and Pat Starr* as the neighbours whose aspirations are measured against the Keller success story.

St John's Smith Square

Arnold Cooke

by ANDREW CLEMENTS

Arnold Cooke is probably better known to woodwind players as the composer of grateful sonatinas for flute and oboe than he is to audiences, despite a substantial output that includes five symphonies, an opera about the Chartists and several concertos. These large-scale works are occasionally aired by the BBC—his cello concerto was commissioned for the 1973 Proms—but otherwise performances are few and far between. Wednesday was Cooke's 75th birthday, and a celebration was organised that evening at St John's. Both the woodwind sonatinas were elegantly played (the oboe work by Roger Lord, the flute by Edward Beckett, with Colin Horsley as pianist) and the first London performance given of a songcycle completed last year.

Cooke studied with Hindemith in Berlin between 1929 and 1932. His music still bears the imprint; the strenuous counterpoint of his teacher is ameliorated by a Gallic lyricism at times — the opening of the oboe sonatina, for instance, almost suggests Poulenc — but there is no embarrassment in employing classical forms and straightforward tonal contrasts. Among his English contemporaries, Cooke's music is perhaps closest to Alan Bush and William Alwyn, though totally without the former's sometime acerbity. The two sonatinas efficiently fill their *Gebrauchmusik* function, the oboe almost transcending it to suggest deeper currents, in the slow movement especially, though Cooke shares with Hindemith a lack of consideration towards his pianists — there are some passages that would sound awkward however well they were executed.

The recent songcycle, *The Seamew*, sets three poems by Francis Loring for baritone, flute, oboe and string quartet; on Wednesday Mr Loring was also the soloist. The heart of the work is in the long central poem which gives the work its title; the opening and closing settings merely serve to provide a pastoral prelude and jocose postlude. Cooke's vocal writing reveals a debt to his English predecessors, to Vaughan Williams and Finzi, that otherwise might go unremarked; like them too it works around a carefully prescribed emotional world in which rapture, nostalgia and loss are equally proportioned.

Festival Hall/Radio 3

Mozart & Wolf

by DOMINIC GILL

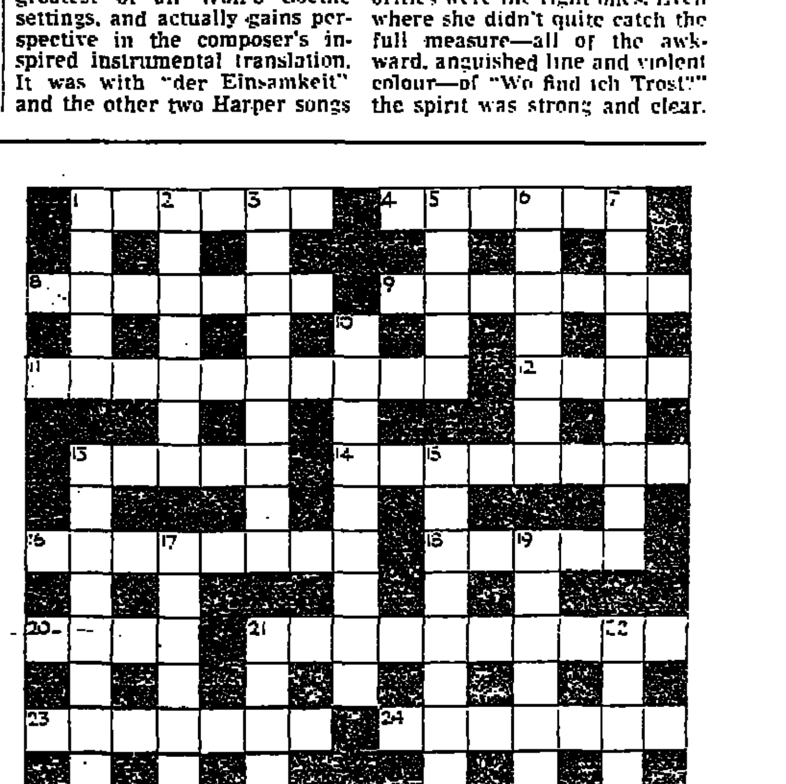
The BBC Symphony Orchestra's concert on Wednesday night under Ferdinand Leitner ended with Strauss's *Also Sprach Zarathrustra*, and without me: to have stayed would have pointlessly numbed (not to say curdled) the delight of the short but magical first half of the programme, given to Mozart and Wolf.

It began with that G major Overture in the Italian style K.318 which has found itself by some cataloguing error joined with Mozart's symphonic list—a good-humoured curtain-raiser, by brief turns brisk and mysterious, originally perhaps the entree to the Singspiel *Zaide*. The overture served here as entree to a group of ten of the 20 or so of his own songs which Hugo Wolf himself arranged for voice and orchestra.

Wolf's orchestral songs make such a fine concert centrepiece that it's difficult to imagine why they appear in that, or indeed in any role, so rarely. The first of the three Harper songs, "Wer sich der Einsamkeit ergibt," is among one of the greatest of all Wolf's Goethe settings, and actually gains perspective in the composer's inspired instrumental translation. It was with "der Einsamkeit" and the other two Harper songs which John Shirley-Quirk opened the sequence—perhaps a little too gravely expressive and inclined to the slightly toffeed timbre which has coloured the voice in recent years, but clean and intelligent nonetheless, and pointed with care.

To open her first group, Elizabeth Connell gave the "Schlafendes Jesuskind" from the Mörke songbook, extraordinary fusion, held in breathless equilibrium, of sensual passion and reverence—its long line very beautifully sustained. And the best-known of all the Wolf orchestral songs, "Kennst du das Land?" orchestrally, under Leitner's crisp beat, a shade nonchalant, but vocally splendid. Miss Connell's crescendi ringing firm above every orchestral swell. Shirley-Quirk did little, except sing them genially enough, to the smaller Mörike settings like "Gesang Weylas" and "Gebt:" another conductor might have led him deeper. Miss Connell tended to know her words less well than she felt the music, but the priorities were the right ones. Even where she didn't quite catch the full measure—all of the awkward, anguished line and violent colour—of "Wo find ich Trost?" the spirit was strong and clear.

F.T. CROSSWORD PUZZLE No. 4,717



ACROSS

1 Drink, and bashful about it (6)
4 One way to bore a large number of people on the move (6)
8 Revolutionary means of recording officialism (3, 4)
9 Envy in competition (7)
11 What the cash-register supervisor does—without moving (5-5)
12 Clothing the driver changes (4)
13 A box for breathers (5)
14 Reveal record and fail to win (8)
16 Retire wearing a tie (5)
18 Jockey may be seen on the scales (5)
20 Lean against a large cask (4)
21 Successful, as the right Duke of Milan is to us (10)
23 Standard capable of producing a similitude (7)
24 Can fine change furnish one with money? (7)
25 Nobleman's seat, plurally in Notts. (6)
26 Stones a crowd of supporters going to the south (6)

DOWN

1 Fish, it could be sensed (5)
2 A type of case to seize with energy (7)
3 Investor is to put down gold (9)
5 First of recordings added to the time of bird-song (5)
6 Gospel of good news (7)
7 Bird, sang badly in mere. Right? (9)
10 A flat garden (6-3)
13 Joiner's material for making counter and table (9)
15 Tall and robust and gives a thrashing (9)
17 Word of surprise on course where bowlers may be seen (7)
19 The Scottish sulk about man sleeping (7)
21 Area that's attractive but cold (5)
22 Hook used in Shogun customs (5)

Solution to Puzzle No. 4,716

T	O	P	O	U	T	■	A	L	T	R	U	I	S	M
O	■	E	■	L	■	P	■	A	■	O	■	N	■	O
T	I	T	A	N	I	A	■	M	O	U	N	T	E	D
T	■	T	■	A	■	T	■	E	■	N	■	W	■	E
E	D	I	T	■	P	E	N	N	Y	D	R	O	P	S
R	■	C	■	A	■	R	■	T	■	R	■	■	■	T
E	V	O	L	V	E	■	R	E	T	O	R	T	S	■
D	■	A	■	A	■	D	■	D	■	B	■	R	■	M
■	S	T	U	N	T	E	D	■	F	I	G	U	R	E
A	■	■	■	T	■	A	■	S	■	N	■	M	■	S
B	R	I	N	G	S	D	O	W	N	■	U	P	A	S
A	■	N	■	A	■	K	■	I	■	F	■	E	■	I
C	O	T	E	R	I	E	■	F	A	I	N	T	E	D
U	■	H	■	D	■	E	■	T	■	R	■	E	■	O
S	C	E	W	E	O	N	E	■	B	E	A	R	E	R

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Friday November 6 1981

The case of Dr Arthur

DR LEONARD ARTHUR, the doctor accused of attempting to murder a three-day old mongol baby, was yesterday found innocent of the charge by a unanimous jury verdict. It is our hope that no doctor in similar circumstances — will again find himself on trial for murder or attempted murder.

Some parents, faced at the moment of childbirth with a badly deformed child, will want doctors to do everything they can to keep the child alive. In these circumstances, doctors always respond to the parents' wishes. But a very normal reaction is for the parents to reject the child and to ask the doctor concerned not to prolong the child's life. It was a situation of this kind which led to Dr Arthur's trial.

The issues raised by the Arthur case are going to be with us for a long time to come. The medical profession, just as much as the Director of Public Prosecutions, must share responsibility for the fact that the Arthur trial took place. It must now address itself to the issues and make sure that the public and parliament know what doctors are doing and why they are doing it.

Guidelines

In our view, the medical profession ought to try to draw up broad guidelines for the treatment of severely malformed newly-born children. These guidelines should be discussed as widely as possible, including by Parliament. If the medical profession is unwilling to tackle the question of guidelines, then the relevant House of Commons Select Committee should take the initative itself.

The issue of the treatment of handicapped newborn children has been brought to a head in recent months by two UK court cases, both of them involving babies that had been born with Down's Syndrome, more commonly known as mongolism. The cases have revealed widely differing views among doctors about two crucial issues. The first is under what circumstances it is right to allow a mongol child to die. The second is what kind of drugs a doctor should prescribe to a newborn if a decision has been taken by doctor and parents that a child should not live.

One thing that the Arthur trial has brought home is that these are life and death decisions. Modern medicine is able to keep alive children born with the most hideous handicaps. It is also able by the administration of certain kinds of drugs to ensure that a handicapped child's life is not prolonged.

Doctors who have to take these agonising decisions do so with deep concern, and only after long and patient talks to parents. Dr. Arthur came over at his trial as a man whose humanity and kindness was in the best traditions of his profession. But a number of witnesses at the trial, including some of the defence witnesses, expressed understandable concern at the grey areas in which they were working, and at the burden of the ethical task they were being asked to perform.

They should not be asked to perform it—or at least not in the ethical and legal vacuum that existed before the Arthur case and which the Arthur decision has only partially filled. Nor should nurses, many of them young and inexperienced, be asked to implement these appallingly difficult decisions without some sort of guidance from society about what it expects of them.

To produce guidelines—on the treatment of mongoloid newborns, for instance—will be no easy task. Every case is different and any set of guidelines would necessarily be imprecise. That is the nature of medicine. At the end of the day, a doctor, usually on his own, has to make a judgment, based on the best available evidence.

In the cas of spina bifida, guidelines were produced more than ten years ago by Professor John Lorber of Sheffield. They do not tell doctors what to do. No set of guidelines could possibly do that. But they have formed the basis on which doctors advise parents ever since they were published.

Committee

There is no reason why these guidelines should not be more widely discussed. A select committee would be the most appropriate body to look at what the medical profession is doing and thinking, to gather all the evidence and to discuss the guidelines—however broad and however imprecise — that the medical profession may propose.

That would surely be preferable to the situation which has existed up to the Arthur trial—where doctors have not known whether they were acting within the law or not; where nurses have been urged to spy on doctors and to report action which they believe may be breaking the law; and where the public has been living largely in ignorance of the fact that these decisions were being taken at all.

Hungary and the IMF

Hungary's decision to apply for membership of the IMF and the World Bank is significant both in itself and for the precedent which it could set to other Comecon countries, like Poland, which are also known to be contemplating this move. Hungary is not the first Comecon country to seek membership. Romania was admitted to both bodies in 1972. But unlike Romania, for which membership was another example of its relative independence in foreign policy, Hungary does not usually take an initiative in the foreign field without clearing it in advance with the Soviet Union. Hungarian entry therefore could make it easier for Poland, which has a much greater need of the advantages which membership brings with it, also to join at a later date.

Debt rescheduling

So far Poland has only made exploratory approaches to the IMF although an IMF observer was present at a debt rescheduling meeting with its western bank creditors in PJaris in September. Many western and especially U.S. bankers have urged IMF membership on Poland, partly in order to create a more solid institutional framework for future re-scheduling and partly in the hope that future Polish borrowing from the Fund might reduce the already heavy demands on the reluctant commercial banks.

It should be pointed out however that membership of the Fund and World Bank of itself is no panacea. Romania is in deep trouble with the banks even though it is a member of both organisations. It has arranged both a three year $1.48bn facility from the IMF and a $200m loan from the World Bank this year alone. Some bankers have criticised the Fund for lending without imposing upon Romania the sort of tough measures which many bankers believe is necessary if Romania is to redress a severe structural imbalance.

Taking a wider view the decision of Comecon member countries to seek membership of the leading international financial institutions of the non-communist world reflects implicit recognition that Comecon's own counterpart organisations — the Moscow-based International Bank for International Co-operation (IBEC) and the International Investment Bank (IIB)—have not proved capabl of satisfying the economic requirements of the communist world. Yet whatever satisfaction the West can derive from this implicit admission should not lead it to apply double standards to present and future Comecon members.

In principle closer financial and other forms of integration between East and West are a good thing, provided that they lead to two-sided co-operation and are not merely perceived as a cheap and painless means of obtaining additional finance and other assistance from the West.

This does not appear to apply in the case of Hungary. Indeed for several years Hungary has been pursuing precisely the kind of policies which the IMF itself usually recommends to countries facing economic difficulties. Hungary's efficient economic managers and central bankers have been busy cutting subsidies, creating a rational pricing structure, cutting out persistent loss makers and concentrating investment on export-orientated projects.

Stability

As a result of this enlightened economic management Hungary is now arguably the most prosperous as well as most politically stable of all the Comecon countries. It has not only shown that it is possible to run a socialist economy with a reasonable degree of rationality and efficiency. It has also shown its commitment to creating the pre-conditions for wider participation in international trade and economic co-operation. To this extent its current application for membership of the IMF and the World Bank is both a logical and welcome extension to existing policies.

POLITICS TODAY

A better week for Britain

By Malcolm Rutherford

THIS HAS been a good week for Britain. Not only has British Leyland come back from the brink; there has also been the excellent conference of the Confederation of British Industry in Eastbourne, expressive of a yearning for unity, almost, to use the CBI's own phrase—a "will to win" that you did not always find in the political party conferences that went before.

Even Mrs Thatcher seems to have returned to form with a sparkling performance in the House of Commons. Sir Geoffrey Howe, the Chancellor of the Exchequer, actually made a couple of apparently spontaneous jokes when he took part in a kind of political *Any Questions?* at the CBI on Sunday, standing up to such heavyweights as Mr Norman Tebbit, the Employment Secretary, and Mrs Shirley Williams of the Social Democrats.

As one junior Minister remarked, having been invited to lunch by the Prime Minister and surprised by the new mood of optimism: "Does she know something she hasn't told us yet?"

For, in truth, there are at best straws in the wind. Nothing fundamental has changed. Still, they are pretty good straws.

BL is in many ways a special case, the product of the wrong mergers at the wrong time. Yet no one should underestimate how different the British economy might have been over the years if the country had managed better to run its motor industry. Italy has Fiat, France has Renault and Peugeot, and West Germany has Volkswagen. All of them have made a substantial contribution to the national product, and to employment. All of them have been in difficulties at one stage or another. It is Britain alone which came to the brink of having to do without an

More out of fear than of hope

indigenous motor industry altogether.

If the British car industry had not gone awry some years ago, there would have been better import and export figures, and more jobs—almost the difference perhaps between relative economic decline and more or less holding our own in the economic league. But if BL had gone into liquidation this week, the political and economic consequences would have been catastrophic. I doubt whether this Government would have ever recovered.

No-one is suggesting that the troubles now are over. It is a depressing thought that the workforce should have ended the strike more out of fear than of hope. It was more an act of surrender than a vote of confidence in the BL management. Yet there is at least a respite. There is time and there is the opportunity to build a new relationship.

It is here that the CBI conference comes in. It was the best annual conference that the CBI has held so far. It was also considerably better than this year's party conferences, though the ones with which it had most in common were those of the Social Democrats in Perth, Bradford and London.

What was remarkable was the unexpected turn that the conference took. The theme was competitiveness and the need to keep down inflation by low wage settlements. But it was the concern about the unemployed and the readiness of industrialists to take their share of the blame for the British economic plight that emerged as the dominant factors.

You do not, nowadays, get people at Conservative Party conferences quoting with approval George Orwell's *The Road to Wigan Pier*: nor at the Labour Party either, come to that. But you did at the CBI.

At the Tory conference in Blackpool last month, there was the Employment Secretary: "I grew up in the '30s with an unemployed father. He did not riot—he got on his bike and looked for work and he kept looking until he had found it."

To be fair to Mr Tebbit, that one paragraph was an aberration in an otherwise conciliatory speech. Behind that uncompromising approach, there is a moderate wondering whether it should emerge. Nothing could illustrate the point more than the way the Employment Secretary suddenly started to agree with Mr Peter Shore of the Labour Party, in the Sunday *Any Questions?* session, on how much the different sections of British society have in common. Mr Tebbit is almost a consensus politician.

Yet it was the "get on your bike" remark, so widely reported, that the CBI conference took up. Many of the members were shocked by it, and said so.

> What was remarkable was the unexpected turn the CBI conference took ... Concern about the unemployed and the readiness of industrialists to take their share of blame for Britain's economic plight emerged as the dominant factors

The conference did not appeal either for further measures to curtail the powers of the trade unions. What it wanted instead was greater co-operation.

It was Mr Ian MacGregor, the chairman of the British Steel Corporation, who borrowed from Mr Jimmy Carter, the former American President, in saying that what was needed in the campaign against unemployment was "the moral equivalent of war."

Mr MacGregor has played a larger part than most managers in declaring redundancies. He made it clear that he did not like it and regarded them as a waste of human resources, unless the workers were then retrained in new industrial skills.

The conference did not support Mrs Thatcher—directly. The speakers from the platform went out of their way to stress that the CBI is non-political, or at least non-party political. In fact, most of the CBI members would still almost certainly vote Conservative, but they were also suggesting that there alternatives to current economic policy.

What the CBI was saying was that there is now a national crisis and that it is up to the people of the country to work together to get out of it. Where the CBI members differed from the Tory and Labour Party conferences was in arguing convincingly that there could still be a sense of national unity.

The Social Democrats' conferences were the nearest equivalent. Indeed, there were certain common themes that came out of the CBI and the SNP. None of them is especially new: they have been talked about over the years ever since the end of the second world war, and probably before. Nor would it necessarily cost much money to take them up.

One of them is education, and especially the relationship between academic education and the teaching of technical skills. We are here close to the nerve centre of the British social system: the age-old revulsion from being in trade. But when the CBI and the SDP argue that the neglect of technical training is fundamentally wrong, maybe we are at the beginning of a sea-change.

It is very striking that young Social Democrats in Bradford and established industrialists, like Sir Adrian Cadbury, in Eastbourne should join each other in saying that the present governmental approach to higher education is absurd.

There is a particular complaint that there appears to be no relationship between the University Grants Committee, which is responsible for state funds to the universities, and any equivalent body for the polytechnics. What is the status of the polytechnics supposed to be?

That is the point which Mr MacGregor, and much of the rest of the CBI conference, were making when they spoke of the need to invest in industrial training—like France and like Japan. If there is any single message to emerge from this year's season of conferences, it is that the Government needs to look again at higher education and perhaps at education in general. The cuts in the grants to the technical universities of Aston and Salford do not fit well with the aim of moving towards a more internationally competitive economy.

Two other messages are worth mentioning. One is that the corner on Europe may have been turned. The CBI conference was almost unanimously in favour of British membership, not just because it would be difficult to come out, but because it brings positive benefits. The word from the Social Democrat leadership is the same: any party which fights against membership could be in trouble. The patterns of trade have moved to support the case for staying in.

The other message is rather more general. It is that we are becoming a more informed society, less dependent on political parties and far less ready to say "my party, right or wrong."

Sir Robert Marshall, the head of the National Water Council and a former civil servant, said in Eastbourne that CBI members should make more use of the new departmentally-related Select Committees of the House of Commons on the grounds that they were informed, non partisan and more or less seeking after truth.

This week Mr Edward du Cann, the chairman of the Select Committee on the Treasury, made a speech at the Royal Institute of Public Administration in which he suggested how the committees' role might be extended. It should, he said, be possible to televise their proceedings, and perhaps they should have some real say in the allocation of Government money before it is spent. But it was the same point: party politics as we have known them have gone too far. Party allegiances can get in the way of objective judgment.

That was the word coming from the CBI. It is also why the Social Democrat-Liberal Alliance is advancing so fast.

But there is no reason why it should be only the Alliance which benefits. There is a yearn-

A yearning for unity and for leadership

ing for unity and for leadership in adversity which any party could profit from. It is a case of capturing the mood of the country and leading from there.

Mrs Thatcher's performance in the debate on the Queen's Speech suggests that she may have accepted that fact. She obviously listens to her critics more than she lets on. Most of them anyway, from within the Tory Party, have been more against her style than her policies.

It is also a bold move to call the by-election at Crosby as early as November 26. If the Tories were to hold the seat, the prospects for the Government would be distinctly rosier.

Sir Adrian Cadbury (left) and the Gang of Four: a surprising amount in common

Men & Matters

Great Eastern

With the City dancing attendance on rumours of another big deal brewing in the East, many are avid readers of a new review from stockbrokers Vickers da Costa unveiling the publicity-shy Hong Kong conglomerate Carrian.

A dull share it ain't. Carrian's publicly-quoted arm is a three-quarters-owned subsidiary called Carrian Investments, which enjoyed a quiet life as a small property company called Mai Hon until it was taken over two years ago. Net assets have grown from HK$ 181m to HK$ 5bn, in the course of which Williams notes that "the group's name has been linked on many occasions, often undeservedly but sometimes correctly, with almost every take over rumour on the Hong Kong stock market."

The master company of the Carrian group is the privately-held Carrian Holdings, which is where the fun really starts. "Attention," explains Williams, "is still focused on the (naturally, undisclosed) operations of the private companies, perhaps more than on any other private group in Hong Kong at present. The reason for this is that so little is known (or believed) about the ultimate ownership and backing of the group and because, although little has been done which has not been done before by other groups, the time element involved has been so much shorter."

The great coup which announced Carrian to the world was when it bought Gammon House from Hong Kong Land for HK$998m in January 1980. It had been a loss-maker for HKL. In November 1980, Carrian sold it for HK$1.68bn. In September 1980, it decided to go into shipping. A year later, it had 63 ships and was the fifth-largest publicly-quoted shipping company in Hong Kong. It has 60 per cent of the Hong Kong outward group tour market; almost half of an office and shopping development in California; a toehold in Japanese soft porn; bottling, banking and insurance.

Apart from acquisitions, much of Carrian Investments' growth has come via transfers of assets from Carrian Holdings. The next business to take that route may well be travel.

The ultimate owners of Carrian as identified by Williams are four Malaysian and Singapore families, surnamed Tan, Kao, Ho and Lim. George Tan is the chairman of Carrian Investments, and the group's deal-making genius.

"A private Hong Kong company linking some of the world's richest men" speculated a local newspaper at the time of the Gammon House deal. To which one can only reply that, if they weren't some of the world's richest men then, they must be well on the way by now.

Tower block

A ring of truth now in the charge that academics are out of touch with the real world.

The City University moved its Business School and Centre for Banking and International Finance into expensive new quarters in London's Barbican Arts Centre—and then decided it could not afford to provide them with a telephone operator.

"You're lucky," said the male voice which eventually answered my calls, "I just happened to be passing." The appointment of an operator had been vetoed, he tells me, despite the fact that space had been left in the budget by not replacing a secretary who left just before the move.

Plans to share the job between the remaining secretaries ran into demarcation troubles which still bedevil a compromise agreement to staff the switchboard for two hours in the morning and a similar period in the afternoon.

Thoughts of bankers and others vainly trying to get through to offer research contracts are keeping the dons awake at night with worry. To be cut off in an ivory tower, said one, is the unkindest cut of all.

Diplomatic move

Open a few bottles of Coca-Cola, its admen say, and that feling of harmony just spreads But the U.S. soft drinks company is having to do a bit more to calm civil rights protesters in its hometown of Atlanta, Georgia.

The company has just elected former UN ambassador Donald McHenry as its first black director—and intends to follow up with an increase in the number of its black-owned distributors and other concessions.

The moves are a direct response to a boycott of the company organised earlier this year by civil rights leader, the Rev Jesse Jackson who claimed that none of Coca-Cola's 550 bottlers or 4,000 wholesalers was black.

McHenry, currently research professor of diplomacy at Georgetown University in Washington, seems a shrewd choice to improve the company's domestic race relations.

Appointed by President Carter as deputy to Andrew Young at the UN, McHenry turned out to be an astute diplomat, not least in smoothing the feathers ruffled by his more outspoken boss and friend whom he eventually succeeded in 1979.

Young was recently elected mayor of Atlanta and since Coca-Cola is one of the city's biggest employers, it would be surprising if the old partnership with McHenry were not informally renewed.

The reel thing

Quite a catch for a little company in Cumbria—a 12 ft computer-controlled pike.

Ulvertech of Ulverston, which manufactures underwater survey equipment, landed a £250,000 contract yesterday to build the monster model fish for a film company planning a home-grown version of America's "Jaws."

"The Pike"—a man-eater, of course—will be filmed on Lake Windermere next April and May. The film is being jointly produced by City Major of Manchester and Entertainment Investments of London.

About a quarter of the film's budget will be spent on the model fish. "It is the star of the film," says Howard Rolands of City Major. "A model could be made for £50 but it would not be realistic—which is where Jaws fell apart. For us, realism is the thing."

Observer

U.S. MICROCHIP MAKERS

The squeeze on Silicon Valley

By Guy de Jonquieres in London and Louise Kehoe in Santa Clara

THE AMERICAN semiconductor industry, powerhouse of the micro-electronics revolution and for the past decade one of the star performers of the U.S. economy, is taking a pummelling. Squeezed by a world recession that is proving longer and deeper than expected and weighed down by costly excess capacity, it is struggling to stay in shape in preparation for an upturn which stubbornly refuses to materialise.

U.S. companies still dominate the world semiconductor market, accounting for roughly two-thirds of total sales of more than $14bn last year. But their supremacy is increasingly being challenged in key market segments by fiercely competitive Japanese companies which, the Americans complain, enjoy privileged financing arrangements and significant cost advantages.

The industry's plight is reflected in the dramatic deterioration in the financial performance of many of the microchip manufacturers clustered along California's Silicon Valley. Intel, the fourth largest U.S. company and once one of Wall Street's highest flyers, reported an 80 per cent drop in pre-tax profits for its most recent quarter. The fall was mitigated by a tax adjustment which reduced the decline in net income to 56 per cent.

National Semiconductor, the third biggest company, fared still worse with a 94 per cent fall in net income. And the results of the smaller Advanced Micro Devices were down 85 per cent on the same quarter a year earlier.

Share prices of several leading companies, already weak last year, have slid by 50 per cent or more since January. The collapse has aroused anxious speculation that some may soon become targets of unfriendly takeovers by large companies seeking to buy their way into microelectronic technology at a bargain price.

Silicon Valley has been in a trough since the middle of last year, when the total value of new orders dipped below the value of current shipments for the first time since the mid-1970s. This measure, known as the "book-to-bill" ratio is the most widely used barometer of the industry's health. In good times, new orders can exceed shipments by as much as 50 per cent.

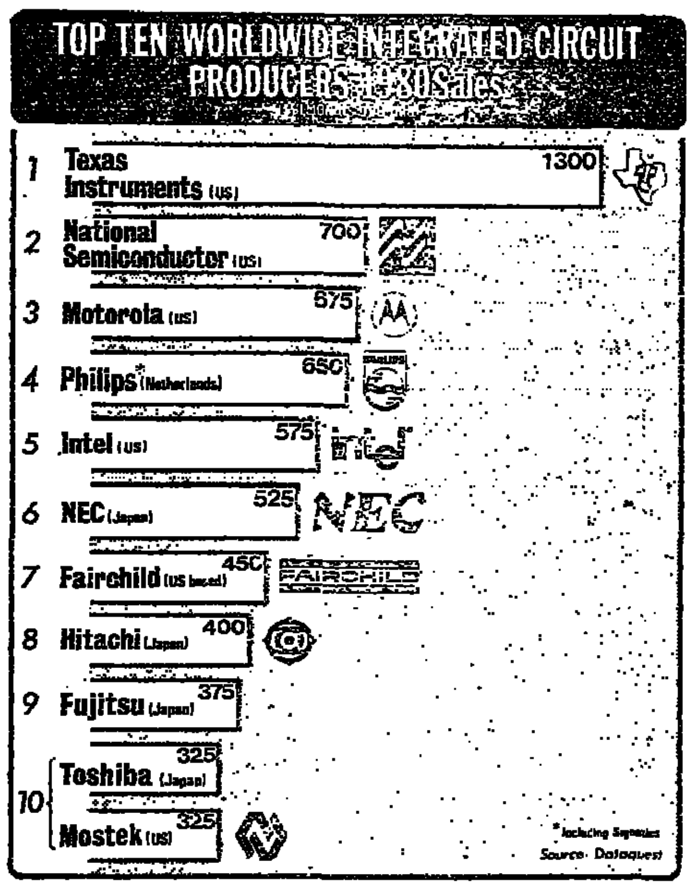
The semiconductor industry is unusual in that sales volume has continued to rise in spite of the recession. But over-production and aggressive competition for market share have led to ruthless price-cutting, and the value of sales has shrunk. Some types of widely-used chips are selling today for as little as a quarter of the price at the start of the year.

Hardest - hit have been memory chips, the market for which is widely described as a bloodbath. They are used in large numbers in computers to store operating instructions and to record data during processing. Always a keenly competitive business, memories are the biggest selling type of microchip and account for almost 30 per cent of total semiconductor sales.

Memories have borne the brunt of the commercial assault by Japanese chipmakers. They have already captured more than 30 per cent of the world market for 16-K Random Access Memories (RAMS), which store more than 16,000 pieces of data on a sliver of silicon. Now they are competing aggressively for leadership in the new generation of 64-K RAMs, which are four times more powerful. This, incidentally, is the market on which Britain's State-backed Inmos has been counting to break through into the big league of chip production.

In the U.S., which consumes about 40 per cent of world semiconductor output, the general weakening of the market has been cushioned by strong demand from the defence and telecommunications equipment industries. But in Europe, where the recession has bitten even more deeply, the picture is of almost unrelieved gloom. This is made worse for U.S. manufacturers by the impact on margins of the strong dollar. Only the Japanese market is expected to show any growth this year.

Silicon Valley has passed through rough patches before, most recently in 1974-76. Then, manufacturers cut back sharply on investment, only to be caught short when the market suddenly recovered. This time, they are determined not to make the same mistake. They are sticking doggedly to ambitious investment programmes at home and overseas even though some are operating at only 30 per cent of capacity and have put production staff on short-time working or have extended holiday closures.



Bob Hutchison

Intel has been seeking to stimulate demand through an aggressive programme of product innovation. It has launched 70 products this year and has placed its engineering staff on a 50-hour week to speed up the process. The tactic may be succeeding: Mr Gordon Moore, the chairman, says that 20 per cent of Intel's revenues in its last quarter came from products introduced this year.

But limitations on resources, combined with the rapidly rising cost of staying abreast of microelectronic technology, have forced most companies to become more selective in research and development activities.

Several companies have axed development projects which seemed unlikely to yield a commercial return in the foreseeable future. Both Texas Instruments and National Semiconductor recently withdrew from work on magnetic bubble memories after concluding that commercial prospects were poor. And there has been a proliferation of agreements between manufacturers to pool efforts in research and development.

The industry is pinning its fortunes on the hope that the investments which it is making now will pay off handsomely once the recovery comes. No one is prepared to say when it will come—"It's always six months away," according to Mr Charles Sporck, president of National Semiconductor—but there is general agreement that it will be extremely vigorous.

"Long-term, I am very bullish," says Mr Sporck. "The industry will make a very strong return to sales and profit growth, especially in non-memory products, when the economy turns up." Mr Gary Tooker, vice-president of Motorola Semiconductor, believes that the U.S. industry's sales will quadruple to $40bn a year during the next decade.

But the optimists concede that some important parts of the market, particularly memories, are likely to remain hard going even after an upturn. "The profitability of memory is going to be tough for a very long time. There are a lot of participants and there is going to be a lot of struggling," says Mr Sporck.

About a dozen manufacturers are now selling 64-K RAMs, and several others are on the sidelines waiting for conditions to improve before introducing their own products. But Mr Ben Rosen, a leading independent electronics industry analyst, believes that eventually there will probaby be room for only about half-a-dozen companies to compete profitably.

The major American semiconductor manufacturers insist, none the less, that they must continue to make memories. For some, such as National Semiconductor, remaining in the market is essential if they are to continue to supply a broad range of products which meet most of their customers' needs.

Most leading manufacturers also agree that the discipline of competition in the memory business has been a major factor propelling advances in the miniaturisation, operating speed and reliability of microchips generally. According to Mr Jerry Sanders, president of Advanced Micro Devices: "Semiconductor technology is driven by memories. To stay ahead in technology we must make memory devices."

The U.S. semiconductor industry has complained for some time that its Japanese rivals can compete profitably in memories only because they have access to financing on relatively easy terms and are not required to generate the return on investment which Wall Street expects of its top-performing companies.

The industry has been waging a campaign in Washington for new tax breaks on investment. There are also sporadic rumblings about raising trade barriers against the Japanese, though that could prove a two-edged sword for an industry which depends so heavily on international trade.

In the absence of a positive Government response to either demand so far, the semiconductor manufacturers' hopes for future prosperity seem more likely to lie in seeking new sources of profit by exploring wider markets or offering their customers additional types of service.

Intel is aiming to move upwards into the microcomputer market by assembling "packages" of chips to be built into office equipment, industrial control devices and computer networks. The packages contain basic programming and require relatively simple adaptation to suit them to a particular task.

Texas Instruments has developed its version of the same strategy. It plans to sell with its chips blocks of programming which can be tailored by a customer to perform a wide range of operations. The company believes that this approach will attract as many as 30,000 new customers from a variety of industries in Europe alone in the next few years.

Several big companies have diversified operations and have been buffered from the recession by their non-semiconductor interests. Texas Instruments manufactures products ranging from microcomputers to consumer electronics, which provide sizeable in-house demand for chips, while Motorola is strong in communications. Much of National Semiconductor's profit last year came from sales of mainframe computers and electronic cash registers.

Other manufacturers have big groups standing behind them. Signetics, the sixth largest semiconductor producer, is owned by Philips of the Netherlands, while Zilog belongs to the Exxon oil group. Siemens of West Germany owns a minority of Advanced Micro Devices and has an option to acquire more shares.

But analysts believe that some smaller semiconductor companies may be forced to the wall before the end of next year. That could provide further takeover opportunities for big industrial corporations which want to acquire a stake in microelectronics technology. It would also deliver a blow to Silicon Valley's proud claim to be the home of thrusting, independent entrepreneurship.

Lombard

A new chance for the CBI

By John Elliott

THE CONFEDERATION of British Industry had a successful conference this week in Eastbourne. It stopped trying to raise the roof like other more political conventions with emergency resolutions or instant demands ("four per cent off interest rates"). Instead it started to find its conscience and to think on its feet.

In particular — and in contrast to most of the political conferences — it showed a genuine and constructive concern about the impact of the recession, particularly the increase in the numbers of unemployed young people.

For the first time since the conferences started in 1977, there was no horde of frustrated businessmen rushing negatively to condemn trade unionists, politicians or some other convenient enemy.

The agenda looked as if it had been designed to inject passion into the first day's events by enabling speakers to bash the unions on Monday morning and the Japanese in the afternoon. But it did not happen like that. After a weak opening debate on pay, the conference quickly matured as delegates faced the reality of unemployment and labour relations.

Redundancies

In a quiet, occasionally amateurish but self-confident way, businessmen aired their worries, learning perhaps from the experiences of the past year when they have had to run down their companies. As someone remarked to me, there was probably no one in the conference hall who had not had to make people redundant.

No new solutions emerged but that did not matter this time. The conference almost innocently passed resolutions calling for unemployment groups to be set up with the TUC, and for the male retirement age to be reduced to 60. In a burst of participative enthusiasm, it even passed another resolution which praised employee share ownership in a somewhat radical form.

But it was not the wording of the resolutions that was significant. The conference was finding its feet after the shambles that developed last November when individual businessmen's anger at the way the Government was allowing the recession to eat into the heartland of industry led to the now famous, abortive, "bare knuckle fight" threats against the Government.

There was of course a lot of stage-managing behind the scenes with selected speakers lists, briefing notes and, in some cases, organised resolutions.

But the CBI set out on a new road, more constructive than the wars with the last Labour Government (on which its current high profile was quite understandably built) and more responsible than the Thatcher-worship which those who resigned from its membership last November apparently want.

Independent

How far it is now allowed to travel depends to a large extent on the willingness of those many powerful members of the CBI's policy-making council, who were not at the conference, to let the mood of Eastbourne survive. Many of them will want to stay with the old hard combative line, rather than the more open and more politically independent approach that developed this week. They will be motivated by their wish to support Mrs Thatcher both for party political reasons and because they want to reduce union power further. Some have also been persuaded that it is counter-productive to challenge Mrs Thatcher publicly.

It would be a shame if these absentees upset the public progress of Eastbourne when the council meets in private later this month. The CBI is not primarily a political organisation and big business should not try to turn it into one. That it is capable of industrial leadership instead of mere political infighting just began to emerge this week.

Industrialists who proudly boast that they do not waste their time and their companies' money by attending the conference should pencil in a day and a-half at the beginning of November next year to debate publicly what started at Eastbourne.

Letters to the Editor

Employees questioning the validity of managements

From Mr D. Watkins

Sir,—It was pleasant to see in the Financial Times October 27, the reference to the CBI urging assertive lobbying in the EEC by UK businessmen.

The old private sector position of simply coping with social factors inflicted by local and supra-national Government institutions is no longer viable.

Employees faced with reduced living standards and redundancies in every quarter will start, rightly, to question the validity of managements who cut and chop internally but who do not seem to seek influence over outside conditions significantly affecting their business. More important still, if management do not take these pre-emptive actions, then employees will defend themselves from what they see as an increasingly one-sided deal. In the same issue, Enka and Ford were reported to be struggling in the face of legal opposition from employees, to effect closures of loss making facilities in Holland and VW has already had to retreat from closing an Adler factory in Germany.

In the future the only "right to manage," will be success. Increasingly that means active management of social entities and influence far outside the organisation's immediate boundaries and a planned and consistent communication of the organisation's position to both internal and external audiences.

D. M. Watkins,
52 Grosvenor Gardens, SW1.

Venezuelans not nurtured on a life of ease

From Mr A. Forsyth

Sir,—Hugh O'Shaughnessy's article "Shocks ahead for Venezuelans nurtured on a life of ease" (*October 16*) makes tedious reading.

His main point, however, is that Venezuelans are going to find it exceedingly difficult to accustom themselves to austerity after years of high-living and hard-drinking—a prospect of imminent belt-tightening appealing to the puritanical observer.

The fact is that the squeeze began in Venezuela in the summer of 1977 when the then President introduced measures to cool down the economy. In 1979 the new President announced his programe in a speech which your correspondent quotes: "Mine will be a Government of austerity, of fiscal discipline, which will seek to balance our books with the world." What is impressive is that this programme has been achieved. Addressing the assembled representatives of the foreign and local banks in September the Minister of Finance was able to announce that order had been restored—fiscal order, order in the balance of payments, now in surplus again, and order in the contracting and servicing of foreign debt. The country, he said, had returned to normality.

The problem now is to rejuvenate the economy after four years of deepening recession. The major obstacle is the high level of U.S. domestic interest rates which, intolerably except that we have to tolerate it, is depressing economic activity in Venezuela as in all other open economies of the world.

Of course Venezuela is exceptionally dependent on oil and is and will be affected by any weakening in oil prices. The challenge for Venezuela is to diversify and reduce this dependence. It has the advantage of great natural resources—iron, ore, bauxite and land as well as its enormous heavy oil reserves—but the disadvantage of a population that has grown over-rapidly (from around 5m 25 years ago to around 17m now), poorly educated, and with little industrial tradition. Rightly President Herrera has made education his Government's highest priority.

Alastair E. Forsyth,
Quinta Los Lares,
26 Calle 7,
Los Palos Grandes,
Caracas, Venezuela.

Council house rents will go up

From Councillor R. Graftey-Smith

Sir,—There is a factor in the make up of all district councils' grant related expenditures (GRE) known as the housing indicator. The Department of the Environment has steadfastly refused to consult local authorities in any way on this.

It is now clear that next year Whitehall will assume a level for council house sales and for rents to be charged quite unilaterally. This in turn will have the effect of creating a huge notional "profit" on the housing revenue account and correspondingly a reduction in councils' GRE leading to substantial loss of rate support on "block" grant.

The Government intends to freeze the level of rates which any council can levy by forthcoming legislation. In order to fill its statutory obligations a council will be forced to put up council house rents to whatever figure is required to balance the books. My own council's position exemplifies the size of the problem. Currently 11 per cent under GRE, a low spending authority with a 10p rate, we shall be pushed, on a current nil growth budget, to 58.5 per cent over GRE and require to raise £1m in extra council house rents. We are not alone—118 out of 296 districts will be pushed over 40 per cent above GRE on their current plans.

Council house rents in many areas no longer have any "subsidy" element. Standing at or slightly above the private sector "fair rents" equivalents, there is no economic justification evident for this sort of increase. We shall shift the burden of local taxation on to one minority section of the community solely because they are council house tenants. I suppose this may sell a few more council houses but it seems a gross distortion of equity.

(Councillor) R. T. Graftey-Smith.
Monkton Park,
Chippenham,
Wiltshire.

Lower bills and higher employment

From the Director, Association for the Conservation of Energy.

Sir,—There is one area of potential industrial investment which is suffering from neglect, which not only shows some quite exceptional rates of return (in some cases, payback under a calendar year), but also has the great merit of not requiring further reductions in the work force: enegy conservation.

Indeed, were industry at large to engage in a major programme of energy conservation investment, not only would the individual companies concerned benefit from substantially reduced fuel bills (energy costs being 11 per cent of GNP) without the pain of shedding labour; but also there would be an expansion in employment among the manufacturers and installers of conservation equipment (including, it has to be said, our members).

It is perhaps also worth noting that were these structural changes to be introduced, they would also have the not inconsiderable benefit of allowing substantial savings in capital investment costs (often with a far worse rate of return — and with fewer jobs created) in the energy supply industries.

Andrew Warren,
3, Plcydell Street, EC4.

It is Governments that cause inflation

From Mr J. Phillips

Sir,—I question the established assumption that excessive pay has for decades been the cause of inflation in all the Western economies.

In [illegible] I had a public service post with a maximum salary of [illegible]. Today my successor gets £7,184. This sounds a lot in confetti money but is only 15.3 times as much.

On the other hand the average gross budget in the year 1935 to 1938 was £888m. Today it is at least £114.5bn which is 129 times as much.

Not only do governments control pay in the civil and public services, they also influence the fixing of pay in the private sector, all by means of the retail price index. Yet in doing so they have not the slightest inkling about how they are shaping the economy for the worse.

By taking 129 times taxes out of 15.3 times pay and spending nearly all of it on services they are creating inflation and a perilous imbalance between goods and services. The wealth of a nation depends on the goods it produces and not on the size of its health, social, and educational services. This country is on the verge of bankruptcy and no one appears to notice it yet.

In half-decades from January 1955 to January 1980 inflation in this country compounded by 12, 17, 25, 70 and 104 per cent and sandbagging the dyke with 3m unemployed is not going to stop it. Nearly all the Western economies but particularly the U.S. are being inflated out of existence by the prodigal years of government spending. On the one hand we have millions of citizens impoverished by years of pay restraint and excessive taxation and consequently industry moribund for lack of demand. On the other hand we have the world's biggest and fastest growing industry managing the hyperinflation money that fell like manna from the heaven of governments' spending—and is still falling. But since there is not any increase of real wealth to match it there will be a lot of paper millionaires with very little assets.

It must surely be obvious by now this is no passing depression. It is the greatest economic crisis in history. It cannot be met nation by nation on a parochial footing or we shall all collapse like a stack of dominoes. This is the time for the most urgent concerted action ever undertaken by nations.

John A. Phillips,
47 Craigleith Hill Gardens,
Edinburgh.

UK COMPANY NEWS

Bank of Ireland jumps to £8.7m CCA midway

ON A current cost basis, pre-tax profits of the **Bank of Ireland** have jumped from IE0.2m to IE8.7m for the six months ended September 30 1981. This is compared with a 1980-81 second half figure of £12.6m.

Group operating profits amounted to £12.2m (£2.1m) and the pre-tax figure was struck after interest on loan stocks and floating rate notes of £3.5m against £1.9m.

Basic earnings are shown as 5.2p (2.8p loss) per £1 of capital stock and the interim dividend is unchanged at 8p net—last year's total was 22p and included a special payment of 10.5p.

Including an extraordinary charge of £1.7m fo ra special levy in September, tax, which is provided on the basis of historic profits, is well up at £10.3m, compared with £4.6m leaving a loss of £1.6m (£4.4m).

When account is taken of the gearing adjustment of £3.8m (£2.2m) arising from borrowed funds, the attributable figure was a £2.2m profit (£1.3m loss).

The interim dividend will absorb £3.5m (same) which will result in a £1.3m (£4.8m) reduction in revenue reserves.

A statement reconciling the P and L accounts on a CCA basis and historical cost shows taxable profits of £30.6m for the six months, compared with £19.9m previously—profit for the 1980-81 year was £52.7m.

Added to the current cost operating profit was a £0.9m (same) depreciation adjustment and £21m (£18.8m) for working capital.

On this basis there was £16.8m (£11.7m) transferred to reserves, after tax and appropriations, and earnings per share are shown as 46.5p against 35.1p.

● comment

Rip-roaring inflation is taking its toll on the **Bank of Ireland**. Both historic and CCA profits have improved from their depressed levels a year ago but after the IR£10.3m tax bite, the dividend is not fully covered on a CCA basis. As inflation is likely to creep over 22 per cent for the full year, the bank's capital base will be in danger of further erosion. Trading however, remains healthy; the IR£5m in bad debts provided for after a special review in the first half last year has not been repeated and the bank is enjoying improved margins. Although funding is becoming more expensive—the bank is increasingly relying on the interbank market—deposit rates have been held down by the authorities in an effort to protect building societies. Thanks to the growth in money market funds, deposits have surged by 33 per cent to IR£4.4bn while loans, restricted by the Central Bank, have gone up by only 20 per cent to IR£2.8bn. The full-year results however are highly dependent on wage talks which are proving heated. The dividend policy is slowly being changed to a CCA basis but should be maintained this year. That means shares, up 3p to 288p have a prospective yield of 11 per cent.

Hunting Gibson associates make some headway

DESPITE AN increase from £612,000 to £761,000 in associated companies' profits, group figures of **Hunting Gibson** fell slightly from £1.52m to £1.42m at the pre-tax level in the six months to June 30 1981. Turnover of this group, which has interests in shipowning, ship broking, computer services and industrial painting contracting, improved from £6.01m to £7.93m.

The net interim dividend is unchanged at 2p—last year's total was 6p from pre-tax profits of £3.75m (£2.9m).

The directors say group trading results for the second half should be comparable with those achieved in the six months to June 30.

There was a tax charge of £251,000 (£133,000) in the first half, leaving attributable profits at £1.16m (£1.34m) after minority debits of £13,000 (£44,000). Stated earnings per 25p share were down from 16.1p to 13.7p.

● comment

Except for a much higher contribution from its associate Hunting Petroleum, the interim results from **Hunting Gibson** would make fairly gloomy reading. Trading from subsidiaries has generated profits before tax which are 27 per cent lower than last year. This despite—or perhaps consequent upon—a three-month contribution from Stag Line and a full six months from Systemsolve. Since the year end, HG has spent some £6m on cash takeovers, yet it is capitalised at only a fraction over £8m. The stake in Hunting Petroleum is worth about three-quarters of that. Down 7p to 98p, the shares yield almost 9 per cent. At one stage this year, they traded at 160p.

Milletts holds interim despite profit slump

A SHARP downturn in profits is reported by **Milletts Leisure Shops** for the 26 weeks to August 3 1981, despite a 10.9 per cent increase in turnover to £8.24m, compared with £7.43m, excluding VAT.

At the pre-tax level, profits slumped from £306,000 to £96,000 which included a surplus of £267,000 (£48,000) from the disposal of fixed assets and a lower share of associate losses of £16,000 (£21,000). It was also after charging depreciation of £256,000 (£199,000) and interest of £258,000 (£211,000).

The directors say that although trading in the second half of the year has shown some improvement the final results will be significantly affected by the important Christmas season.

In his review for 1980/81, the chairman said over the past three years a major proportion of group profit had been made in the second six months and he expected this pattern to continue for this year.

Meanwhile, the net interim dividend is maintained at 2.95p per 20p share—a final of 4p was paid for 1980/81 from taxable profits of £840,000. Stated earnings per share for the half year were well down at 1p (5.4p).

Tax for the first six months took £45,000 (£24,000) and there was a transfer from reserves of £53,000 (£129,000 transfer to reserves).

The directors say the results for the period reflect the continuing difficult trading conditions. They do not foresee an early end to the current recession and have taken further action to reduce overheads.

During the half year this leisure wear retailer opened or resited new shops at Plymouth, Lancaster and Jersey. In October it relocated its Richmond branch to its former prime position in the town.

These openings were financed mainly by the disposal of properties which became surplus to requirements through resiting.

● comment

Milletts' share price stood unchanged yesterday at 93p—the lowest level since the company went public with an offer for sale at 110p three years ago. The price has been over 200 and even this year a high poin of over 170p has been achieved. The only factor which held th market capitalisation at £4.8 yesterday was probably th unchanged dividend. Assumin Milletts' holds the payout fo the year the yield is worth 1 per cent. Though turnove struggled ahead by 11 per cer trading profits were almo halved before higher deprec tion and interest charg dropped the income statemer into the red. Of course Millett headaches are not exclusive figures reflect the sorry state many High Street traders. Cor petition is stiff, demand ve patchy and volume gai minimal. The group is carryi more stock than it would li for this time of year and a per cent jump in the intere charge represents more th higher rates. New store openin have also been affected thou the company says that dispos have not been stepped up. T surplus on property dispos in the first half is 14 per ce more than the whole of last ye but this is evidently s relocation alone.

Scottish Offshore in £2m rights issue

A £2m rights issue is being launched by **Scottish Offshore Investors**, an unlisted public company formed in 1974 by a group of institutions to invest in the oil and gas exploration support industry.

The issue is of 2,000,004 ordinary £1 shares on the basis of two for one. The new shares will be priced at par but payable as to 50p on acceptance with the balance subject to call no later than June 30 1983.

The company also revealed yesterday its half-year figures to June 30 1981. Pre-tax profits were up from £189,797 to £350,850. An interim dividend of 3.5p (3p) per share is declared. For 1980 as a whole the company reported taxable profits of £223,474 and paid a total dividend of 7.5p.

Net assets at June 30 amounted to 161.9p per share.

The new funds are needed to invest in emerging companies in the supply and service sector of the offshore and onshore oil industries.

The rights issue has been underwritten by James Finlay.

Major shareholders in the company include British-Borneo Petroleum (5 per cent), Denholm Line Steamers (14 per cent), Finlay Energy Holdings (25.9 per cent), Royal Insurance (15 per cent) and Scottish United Investors (19.5 per cent).

Unilever seeks exchange insulation for dividends

UNILEVER, the Anglo-Dutch multinational, has completed its study of ways to mitigate the undesirable effects of fluctuations in the sterling/guilder exchange rate on the group's dividend payments, which led to a surprise reduction in the group's final UK dividend last March.

The group operates through two parent companies—Unilever Limited, London and Unilever NV Rotterdam. The two companies, which are equal partners, are linked by agreements, one of which equalises according to a formula the dividends payable on the ordinary capital of the UK and Dutch companies.

The UK dividend reduction, brought about by the strength of sterling, was its first downward move for 40 years.

Until March the dividend denominated in the weaker of the two currencies had been raised to the level of the stronger. When sterling was weak the British dividend was raised proportionately more than its guilder equivalent.

Unilever said then that it had launched a study which "was well advanced" into how the undesirable effects of erratic exchange rate movements might be corrected in the context of the equalisation agreement.

Meetings of both the London and Rotterdam companies are to be held on December 18 to consider proposals to amend the agreement, when explanatory statements will be available.

The proposals, if approved, will not be in force in respect of the interim dividend for the 1981 year, expected to be announced later this month.

In its last completed financial year the final payout for Unilever UK was reduced from 24.05p to 22.91p net per share, while the Dutch company raised its guilder dividend from Fl 9.88 to Fl 11.12.

Dunton plans £0.32m placing

A PLACING of preference shares is planned by **Dunton Group**, formerly Kondagolle Estate Company of Ceylon, to raise some £320,000 to fund the building of a two-storey office block at Chesham.

Dunton, which came to the Unlisted Securities Market in January this year, has received planning permission for the 5,000 sq ft development on a prime site just off Chesham High Street. Total costs will be about £300,000 and work is expected to start this month for completion in August next year.

The group proposes to issue 320,000 12 per cent convertible cumulative redeemable preference shares 1997-2002 of £1 each at par. Arrangements have been made for 25 per cent of the issue to be available through the market.

Announcement of the placing is made with company's annual report in which further growth is anticipated for the current year to May 31 1982. Should this growth be achieved the directors hope to recommend payment of a dividend. Due to the adverse balance on the capital reserve arising from the original Kondagolle Estate business the company is pr cluded from making a divide payment for 1981.

As known in January, 19 Bulk Earthmoving and Ea grange were purchased and lat the group's name was chang

Only the profits made by B Earthmoving and Dunton Br from the time of acquisition January 12 accrue to the pare and for the four months to M 31 1981 these showed a pre-t profit of £30,082.

Shareholders funds at May stood at £573,472, and there we net current liabilities of £31,1

Energy Capital dealings

Trading in Energy Capital resumed yesterday at 62p a share after three weeks of suspension although the mooted takeover has not occurred.

The former brick making company has been acquiring uranium, oil and gas interests since May 1980 when NCC Energy and its chairman, Mr Graham Ferguson Lacey, took a 29 per cent holding in it.

On October 14 the shares were suspended at 60p pending an announcement about a takeover proposal.

Yesterday, however, Mr Ferguson Lacey, Energy Capital's chairman, said that although the board had been approached by a potential offeror "but a firm offer has not yet been made."

"The value placed on the shares by the potential offeror was not materially different from the suspension price of 60p a share. Discussions are continuing which may lead to an offer being made," he said.

NCC Energy is involved in negotiations to merge with Simplicity Pattern Company of America, a merger intended to exploit Simplicity's large cash resources for investment in oil and energy related exploration.

SHARE STAKES

Finlay Packaging—Northern Bank Pension Fund has acquired 25,000 shares making holding 467,000 shares (5.44 per cent).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Airflow Streamlines ...	Nil	—	0.1	—	0.1
Bank of Ireland...††int.	8	Dec 14	8	—	§§22
Henry Boot ....int.	3	Nov 19	3	—	13
Brit.-Borneo Pet. int.	4.35	Dec 18	4.15	—	12.15
British Inv. Tst. **int.	4.2	Jan 6	4	—	8.85
Burndene Invs.	Nil	—	Nil	Nil	0.75
Capper Neill ....int.	2.1	Jan 7	2.1	—	4.2
Hambros Inv. ......int.	1	Jan 5	*1	—	*3
Hammerson Prop....int.	3	Dec 4	2.5	—	9
Hunting Gibson ...int.	2	Dec 1	2	—	6
Milletts Leisure ...int.	2.95	Dec 10	2.95	—	6.95
Narborough Rubber ...	‡¶1.4	Dec 22	¶1.4	¶2.1	¶2.1
Riverview Rubber 3rd int.	‡§11	Dec 15	§11	§18	§18
Samuel Props.	3.1	Jan 7	3.1	4.3	4.2
Wace Group ....int.	Nil	—	0.72	—	1.44
Wemyss Inv. Co.	13	Jan 7	12	20	19

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and acquisition issues. ‡ Malaysian sens throughout. § Includes bonus of 6 sens. ¶ Includes bonus of 0.6p. Gross throughout. ** To reduce disparity. †† Irish pence throughout. §§ Includes special 10.5p payment.

MINING NEWS

Lower prices cut profits of Zimbabwe companies

BY GEORGE MILLING-STANLEY

THE RECESSION continues to have an adverse effect on the profits of mining companies around the world.

Yesterday's figures from the Rio Tinto-Zinc group's Zimbabwe unit, Rio Tinto Mining (Zimbabwe) (RTMZ), and MTD (Mangula), the copper-producing subsidiary of South Africa's Messina group, illustrate the effects on results of lower metal prices and higher costs.

RTMZ's net profits for the nine months to September 30 fell by 60 per cent to Z$1.56m (£1.16m) as a result of sharply lower earnings from gold and a decline into loss at the Empress nickel mine.

The group said yesterday that the results of all operations, apart from the Sandawana emerald mine, were adversely affected by low metal prices. It warned that with the continued weakness of the nickel price, there is little prospect of any improvement at Empress until early next year, when better grade ore will become available.

Gold output was lower than in the previous quarter owing to grade problems at Patchway and technical difficulties at the Que Que roasting plant, caused by the high antimony content of the ore.

Although the outlook for the remainder of the year is uncertain, particularly in view of poor metal prices and continued cost escalation, RTMZ said that its profit for the fourth quarter is expected to be similar to the average quarterly profit for the first nine months.

This suggests a figure for the full year of around Z$2.08m, against last year's Z$4.88m, which is in line with the forecast from Mr Bill Rickards, chairman, at the annual meeting in May that profits for 1981 were unlikely to be more than half of the previous year's level.

For the future, the medium-sized Renco gold mine and the Zinca platinum group metals pilot project both proceeded satisfactorily, the group said.

Renco seems likely to come into full production in the first quarter of next year, but a final decision on whether to go ahead with Zinca will not be taken until next year.

This decision depends on a number of factors, including world market conditions and the attitudes of the Zimbabwe Government towards tax and marketing.

There have been signs of a softening in this attitude recently, notably in the reinstatement of the depletion allowance. This allowance, of 5 per cent of turnover, was cancelled in the April budget with effect from the beginning of the year, but has now been reinstated until December 31 this year. This gave RTMZ a tax credit of Z$536,000 for the nine months period.

The picture is even worse at MTD (Mangula), which reported a net loss of Z$1.51m for the year to September 30 against a profit last time of Z$9.24m.

The group has passed its dividend, as it did in the first half, and there is thus no payment for the year, compared with a total of 38 cents last year.

Sales of copper, silver and gold were all higher, but lower prices and rising costs combined to produce the loss. The group said that the price weakness was exacerbated by the weakening of sterling and the relative strength of the Zimbabwe dollar.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Energy Finance and General Trust, Eva Industries, Fortnum and Mason, A. Goldberg, Grampian Television, Rush and Tompkins, Scottish Ontario Investment.

Finals:—Ayer Hitam Tin Dredging Malaysia, British Industries and General Investment Trust, Fundinvest, Moss Engineering, Speedwell Gear Case, Town Centre Securities, Ulster Television.

FUTURE DATES

Interims:—

Allied Leather Industries	Nov 19
Anglo Amer. Corp. of S. Africa	Nov 26
Applied Computer Techniques	Nov 11
Bulmer (H. P.)	Dec 9
East Midland Allied Press	Nov 12
Elliott (B.)	Nov 19
GEI International	Nov 17
MK Electric	Nov 30
Pewson (W. L.)	Nov 16
Powell Duffryn	Nov 19
Tesco Stores	Nov 17

Finals:—

Bridport-Gundry	Nov 10
Erskine House Investments	Nov 10
Herman Smith	†Nov 11

†Amended

Profits in sharp dive at Atlas Consolidated

THE BIGGEST copper producer in the Philippines and also one of the leading gold mines there, Atlas Consolidated Mining and Development has followed the world trend with sharply lower earnings in the third quarter.

They have dropped to Pesos 2.24m (£151,600) compared with Pesos 69.85m in the same quarter of last year, reports Leo Gonzaga from Manila.

Low metal prices and higher costs have offset the benefits of record production in the period. Copper output amounted to 80.84m lb, gold 19,981 oz and silver 22,260 oz.

In terms of U.S. dollars, nine-month earnings come out at $5.15m (£2.75m) compared with $41.27m in the same period of 1980.

Atlas produces copper concentrates (with gold and silver by-products) and pyrite concentrates in Toledo (Cebu Island, Central Philippines) and gold bullion (with silver by-product) in Aroroy (Masbate Island, Central Philippines).

SPAIN

November 5	Price %	+ or −
Banco Bilbao	327	+4
Banco Central	317	
Banco Exterior	308	
Banco Hispano	313	
Banco Ind. Cat.	117	
Banco Santander	375	
Banco Urquijo	214	−
Banco Vizcaya	349	
Banco Zaragoza	220	
Dragados	146	−8
Espanola Zinc	70	
Fecsa	69.2	
Gal. Preciados	34	−2
Hidrola	80	−0.2
Iberduero	59	−0.2
Petroleos	100	+0.5
Petroliber	82	
Sogefisa	51	
Telefonica	78	−1
Union Elect.	74	+0.3

1980-81 High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
114	100	ABI Hldgs. 10pc CULS	110	—	10.0	9.1	—	—
78	39	Airsprung	67	—	4.7	7.0	10.6	14.7
52	21	Armitage and Rhodes	43	—	4.3	10.0	3.6	8.1
200	92½	Bardon Hill	193	− 1	9.7	5.0	9.4	11.4
104	88	Deborah Services	98	—	5.5	5.6	4.9	9.2
128	88	Frank Horsell	120	—	6.4	5.3	10.8	25.1
110	39	Frederick Parker	60	—	1.7	2.8	26.1	—
110	49	George Blair	49	—	—	—	—	—
102	93	IPC	99	—	7.3	7.4	7.1	10.8
113	59	Jackson Group	98	—	7.0	7.1	3.1	7.0
130	103	James Burrough	110	—	8.7	7.9	8.0	10.1
334	244	Robert Jenkins	290	− 2	31.3	10.8	4.0	10.2
59	50	Scruttons "A"	55	—	5.3	9.6	8.5	7.9
224	181	Torday	181	—	15.1	8.3	7.0	12.0
23	8	Twinlock Ord.	14½	− 0½	—	—	—	—
90	68	Twinlock 15pc ULS	71xl	—	15.0	21.1	—	—
56	33	Unilock Holdings	34	—	3.0	8.8	6.1	10.3
103	81	Walter Alexander	84	—	6.4	7.6	5.5	9.8
263	181	W. S. Yeates	220	− 1	13.1	6.0	4.2	8.5

THE TRING HALL USM INDEX

113.1 (+0.8)

close of business 5/11/81

BASE DATE 10/11/80 100

Tel: 01-638 1591

CORAL INDEX

Close 501-506 (+11)

OIL INDEX

December Refined $44.00

January Refined $44.50

Metramar's new gold prospect

Australia's Metramar Minerals and Asarco of the U.S. have reached agreement on the terms of a joint venture to explore 33 gold mining leases held by the Metramar subsidiary Western Alluvials.

Asarco (Australia), the local subsidiary of the U.S. company, will spend a minimum of A$200,000 (£107,000) by the end of August next year on an agreed exploration programme.

Thereafter, Asarco has the option of continuing to bear all expenditure until the figure of $2.04bn has been reached, at which time it will earn a 51 per cent interest in the venture.

If this option is taken up, Asarco will meet all further expenditure, and earn a maximum interest of 75 per cent by spending a total of $4.04m.

The joint venture agreement does not extend to Western Alluvial's gold tailings treatment project at the Wiluna gold mine.

A feasibility and pilot plant programme completed earlier this year indicated that this would break even at a gold price of A$325 per oz, and produce a surplus of A$7.8m with gold at A$400. The current U.S. gold price is equivalent to about A$380.

OIL RECOVERED AT WOODADA 3

Latest testing of the Woodada 3 well drilled in the onshore Perth Basin of Western Australia has recovered oil and gas traces and a minor amount of light crude oil, according to Strata Oil, which has a 26.95 per cent interest in the Woodada field.

The latest tests included a drill stem test, acid stimulation and swabbing operations over the interval between 2,440 and 2,446 metres.

Hudbay Oil Australia, the new operator of the Woodada field, has a 10 per cent interest, **Hughes and Hughes of Texas** retain a 50 per cent interest and **Western Continental** holds 5 per cent, with the remainder held by a number of small companies and individuals.

Drop for British Borneo

TAXABLE PROFITS of investment holding and dealing group, **British-Borneo Petroleum Syndicate** dropped from £674,506 to £620,661 for the half-year to September 30 1981.

The interim dividend, however, is being raised from 4.15p to 4.35p net per 10p share—last year's final payment was 8p.

Net profits for the period were down from £434,779 to £421,534. Corporation tax took £30,450 (£88,070) and tax attributable to franked income accounted for £168,677 (£151,657).

The company's Canadian subsidiary retains its interests at Meekwap and in the Ochre area, both in Alberta, and in Boundary Lake, British Columbia. No drilling took place during the period, but a Canadian company has committed to drill a farm-in well on the British-Borneo acreage in the Boundary Lake area.

In the U.S., with the advice of consultants, equity interests in some of the smaller listed oil exploration companies have been acquired at a cost of £571,000, and some direct participation in oil and gas ventures are under consideration.

Hambros Inv. Tst. up slightly

AFTER interest and management expenses of £270,000, against £301,000, taxable revenue of **Hambros Investment Trust** was just ahead at £1.66m, against £1.59m, for the six months ended September 30 1981.

From earnings per 25p share of 1.86p, compared with 1.81p, the interim dividend is effectively unchanged at 1p net—last year's final payment was an adjusted 2p paid from pre-tax revenues of £2.69m (£2.34m).

Gross income for the six months amounted to £1.93m, against £1.89m previously, and after tax of £649,000 (£602,000) revenue emerged at £1.01m (£987,000).

As at September 30 net asset value is given as 115.4p (100.4p) at par.

Margins narrow for B. Elliot in South Africa

Goldfield Industrial Corporation, the South African machine tools and engineering equipment supplier 60 per cent owned by UK engineers B. Elliot, suffered from narrower margins in the half year to September 30, 1981. First half pre-tax profit slipped from R3.83m to R3.77m despite a rise in turnover from R24.6m to R30m. In the year to March 31, 1981 pre-tax profit was R8.4m and turnover R53.6m.

The directors say that towards the end of the six months the economic slowdown was beginning to show in a lower rate of ordering. The machine tool merchanting operations were adversely affected by unsettled market conditions and operated at much lower margins.

An unchanged interim dividend of 14 cents has been declared from first half earnings per share up at 58.4 cents (56.1 cents). For the whole of 1980/1981 earnings were 125 cents a share and the total dividend was 32 cents.

Mountview

An unchanged net interim dividend of 0.7p per 5p share has been declared by **Mountview Estates**, the property dealing and investment group, in respect of the year ending March 31 1982.

Mr W. D. I. Sinclair, the chairman, reports that despite the recent increase in interest rates it is hoped that profits for the year will be comparable with those for 1980-81.

For the year ended March 31 1981, pre-tax profits were ahead from £1.93m to £2.29m

● RICHARD LAMBERT LOOKS AT COURTAULDS DEAL

Changing prospects force sale

Courtaulds and Commonwealth Development Corporation are selling a jointly owned pulp mill in Swaziland to Mondi Paper, a subsidiary of the Ango American Industrial Corporation. The total proceeds of the sale will amount to R110m (£61m) spread over a 4 year period. Usutu Pulp Company was established in 1959, and now produces about a tenth of that part of the world's unbleached kraft pulp supply which is available on the free market. Its output is around 175,000 tonnes a year, and it has its own forests with a total area of some 60,000 hectares.

The pulp is used in such products as brown paper, corrugated board and cement bags. Courtaulds itself does not use the pulp in any of its other activities.

Mondi announced this summer that it planned to build a major new pulp mill in South Africa. It now says that a link with Usutu will ensure the best use of both companies' resources. It plans to expand capacity in Swaziland to over 200,000 tonnes a year. Courtauld's half share in Usutu has a book value of £6.5m on an historic cost basis. Its share of Usutu's profits amounted to £2.9m pre-tax in the year to March.

For **Courtaulds**, the decision to sell its half share in the Usutu Pulp Company of Swaziland could be made without any concern about the impact on the rest of its business. Unlike Saiccor, the South African subsidiary making cellulose dissolving pulp, Usutu makes a product which is not used in any of Courtaulds' activities.

It manufactures kraft pulp to be made into brown paper corrugated board, cement sacks and the like—and it does it on a big scale. Output has been expanded recently to around 175,000 tonnes a year, which is about 10 per cent of the world's unbleached kraft "market" pulp supply, and it takes its wood from its own forests, which cover around 60,000 hectares in all.

Usutu has been a worthwhile investment for Courtaulds since it was established in 1959. Last year, Courtauld's half share brought in historic cost profits of £2.9m pre-tax (£2.1m on a current cost basis) which is a respectable return on a book value of £6.5m (£27.9m current cost). However its business prospects are changing.

Dr N. S. Wooding, a deputy chairman of Courtaulds, explained yesterday that rising freight costs had been making it harder to remain competitive in important markets like Europe and the Far East.

Southern Africa was another major market, Dr Wooding added, and there the position had been changed by the recent decision of Anglo American Industrial and Sappi to increase substantially their pulp and paper making capacity in South Africa.

Anglo American interests have fairly extensive forests in Swaziland and across the border in the Transvaal. So it made sense for Courtaulds and Mondi Paper—a subsidiary of Anglo American Industrial Corporation—to come to terms. Mondi has indicated that it will increase the annual capacity of Usutu to over 200,000 tonnes, and limit its new investment in South Africa accordingly.

Usutu was initially developed by the then Colonial Development Corporation, which bought the land and started planting in 1950. Bowater at one time considered building a pulp mill on the site with an output of roughly 50,000 tonnes but decided against it on the grounds that its costs would make the project uncompetitive.

Such considerations did not hold back Courtaulds, or rather Mr Frank (later Lord) Kearton. He was then a managing director of the group, and following a trip to Usutu in 1958 he noted that "The project involves a degree of risk but to my mind it looks attractive."*

With the experience gained from Saiccor, it was concluded that Courtaulds could build a mill of 100,000 tons capacity more cheaply than Bowater had estimated. The project was seen as a horizontal expansion of the new involvement in making woodpulp.

The other half share in Usutu has been owned until now by the Commonwealth Development Corporation. This is an Exchequer backed body, and its objective is to invest in development projects which will help to increase the wealth of developing countries and will also yield a reasonable return on the money invested.

It appears to have achieved its goal in this case. Usutu employs some 2,300 Swazis who have an estimated 12,000 dependents living on the estate. The exact proceeds of the sale will depend on how much of the money is remitted via the financial rand discount, and on how the payments will be spread over the agreed four-year term. But at a rough guess, Courtaulds and the CDC could each collect something like £25m. The plan is to conclude a legally binding agreement by the end of this year.

Meanwhile Courtaulds has every intention of developing its investment in Saiccor. As a result of recent expansion, this is now the biggest single mill of its type in the world, with an annual capacity of some 360,000 tonnes. Courtaulds is now looking at the possibility of further expansion, and although it continues to be the largest single customer for Saiccor's pulp it has also been developing sales with a number of other viscose fibre and film companies around the world.

* *Courtaulds. An Economic and Social History. Vol III. By Professor D. C. Coleman.*

Exco International share sale price set at 140p

THE OFFER for sale of shares in **Exco International**, the holding company for moneybrokers Astley and Pearce and the Godsell group, was underwritten yesterday at a sale price of 140p per share.

The 14.5m 10p ordinary shares will go on offer next Thursday at 10 am. The price, implying a yield of 4.6 per cent, values the company at £59.5m and will produce net sale proceeds of £20m.

After expenses, £10.5m of the total proceeds will be received by Exco reflecting the company's issue of new shares in the sale. The remainder will be received by investment company Cayzer Gartmore and directors of Astley and Pearce as vendors of the outstanding shares being sold.

Under the offer of sale arrangements, N. M. Rothschild signed subscription and purchase agreements for the new and existing shares on Wednesday night. Yesterday's underwriting agreement was signed with Grieveson, Grant who are brokers to the issue.

Rothschild said last night that it had already seen enormous interest from brokers and the public at large in the issue, with many firms requesting "literally hundreds of prospectuses."

BIDS AND DEALS

Why Hallite is opposing bid

Mr James Gordon, chairman and managing director of Hallite Holdings, has written to shareholders of the plastic components manufacturer explaining why the board opposes the 200p cash offer from General Tire and Rubber Company, the South African subsidiary of Anglo-African Finance.

General Tire's bid values Hallite at £4.8m. Mr Gordon points out that Hallite's accounts included shareholders' funds of £5.1m at May 2 and that a revaluation of certain properties since that date has added £0.69m to that figure. Funds of £5.79m represent net assets of 240p per share, a 17 per cent premium over the bid price. Hallite's shares closed unchanged at 216p yesterday.

Concerning Hallite's commercial prospects, the letter says that the company's non-UK sales grew from 20 per cent in 1977-78 to 34 per cent in 1980-81 and that the proportion "is expected to increase further in 1981-82." New oil exploration and production products are expected to provide "significant future growth" for Hallite.

The chairman says that Hallite's trading performance in the current year is expected to be "most encouraging" and that profit forecasts are now being reviewed. These will be issued to shareholders when they are "up to publication standard."

Sherman reorganisation

Samuel Sherman, the loss-making ladies' clothes manufacturer, is to undergo a corporate reorganisation following the suspension of its shares on the stock market since December 30 1980.

The reorganisation will accompany a change in the nature of the company's business. Sherman is proposing to purchase for up to £750,000 a private coach hire company. The vendor is Trafalgar Leisure International, which will take shares in consideration of the price and subsequently intends to make a cash bid of 10p per share to all Sherman's existing shareholders.

Mr D. J. P. Bryans, Sherman's chairman, will retain a potential beneficial interest of 1.15m shares in the company, which will be renamed The Kirby Group PLC. Mr Bryans will become a non-executive director of the reorganised company.

The agreement for the purchase of the coach operation subsidiaries of Trafalgar is subject to Sherman's shareholders' approval, the achievement of pre-tax profits of £100,000 by the acquired business "for the financial period ending December 31" and the admission of the new Kirby Group to the Unlisted Securities Market.

Lovat funds Geo. Bray with share purchase

Lovat Enterprise Fund has acquired a substantial minority interest in Geo. Bray and Co at a cost of £630,000.

This investment will support Bray in its aims of remaining independent and securing its future growth by internal development and acquisition, the Lovat directors say.

Bray, which is based in Leeds, was founded in 1863 and is currently engaged in two main activities. The gas heating division is a major UK independent manufacturer of burners for the domestic gas appliance market and the electric heating division, operated by Bray Chromalox, manufactures a range of electric heating elements and appliances for industrial applications.

Lovat was formed in mid-1980 by M. J. H. Nightingale and Co and five leading financial institutions.

BIRMID QUALCAST BUYS PCD DATA

Birmid Qualcast has acquired PCD Data Capture of Invincible Road, Farnborough, Hants, for a nominal cash consideration.

PCD specialises in the design and manufacture of data acquisition equipment and peripherals for use in the monitoring and control of production and experimental processes, and also manufactures photo analysis equipment.

Through an exclusive agency agreement, the company supplies the U.S.-made Hardy 801 micro-computer and tape deck products.

PCD will operate within Birmid Qualcast's engineering division.

Argyll launches attack on Linfood's management

THE cut and thrust of Argyll Foods' bitterly contested £87m bid to acquire Linfood Holdings entered another round yesterday as Argyll sent a letter to Linfood shareholders criticising the group's track record and dividend policy, attacking the terms of Linfood's £21m disposal of its delivered wholesale operation to its divisional management, and highlighting the various share sales below the 170p cash offer value which have given the bidder 29.99 per cent control.

There is a reminder, too, that the cash offer will not be extended after the November 10 closing date if, by that point, the offer has become unconditional.

Argyll, headed by Mr James Gulliver, says that "we believe that this proposal (to sell the delivered wholesale division) in no sense enhances the value of Linfood—on the contrary, it could be harmful; the proposal, although under consideration since July, has now been pulled together as a hurried defence move against our bid."

Linfood's proposed dividend of 12p per share, Argyll says, "would not be covered by fully taxed earnings." The defence's so-called "zig-zag dividend policy," which has restored the recently announced cut in respect of the last financial year is now promising "an unjustifiably high" level of distribution "in relation to Linfood's trading expectations for the current year."

Had it not been for its offer, Argyll asserts, "this dividend would not have been promised."

Argyll also points out that it was able to buy 20 per cent holding in Linfood from Guinness Peat at 139p per share, that certain Linfood executive directors sold material parts of their personal share interests at prices of between 153p and 155p per share between September 10 and 23, and other Linfood shareholders have sold 9.5 per cent of Linfood's equity since the bid was first announced at prices of less than 170p per share.

Linfood shareholders are urged to "join a group whose management has a proven record and is committed to its long-term prosperity through personal shareholdings. "If you ignore this opportunity," Argyll believes, "you will be left in a group whose management has achieved no record of growth, has failed to appreciate the benefits from large-scale operations, and who has no significant shareholding incentive."

One of Linfood's principal shareholders, the M and G unit trust group, has taken kindly to Linfood's recent rejection document. M and G holds just under 7 per cent of Linfood, and the managing director of M and G Investment Management, Mr Paddy Linaker, said yesterday that he regarded the sale of the delivered wholesale division sale "as a good disposal, a clever deal. We are sympathetic to the present management," he said.

He felt that Argyll's decision not to extend the cash offer "could backfire." The cash bid, he says, "is not high enough."

Linfood shares dropped 2p yesterday to 178p while Argyll was steady at 93p.

Preussag drops plan to acquire outstanding 20.5% of AMC

Preussag AG, the German mining, metals and chemicals group, is not proceeding with its plans to acquire the outstanding 20.5 per cent of the ordinary shares of Amalgamated Metal Corporation which it does not already own. The decision removes a possible obstruction to the acquisition of the minority stake by Permodalan Nasional, the Malaysian government investment institution.

A letter to Amalgamated Metal from Preussag said yesterday that Preussag had made its original offer for the minority shares "against the background of the deterioration in Amalgamated Metal's short term tradin g prospects" which had taken place since the German company had acquired an interest in the company in 1978.

The letter, signed by the chairman of the Preussag executive board, said that the company "took the view that stringent measures were required in order to put Amalgamated Metal's operations on to a sounder commercial footing."

It was in order to achieve this, the letter said, that Preussag made known to the independent directors its intention that "from now on Amalgamated Metal should be run as a subsidiary of Preussag and its affairs organised in a manner consistent with Preussag's overall group policies. Preussag also stated its intention to apply its own conservative dividend policy to Amalgamated.

Because of this prospective change in the relationship between Preussag and Amalgamated, Preussag felt that the minority shareholders of Amalgamated should be given the opportunity of disposing of their shares as at least the same cash price as was offered at the time of Preussag's original offer in 1978 and which was accepted in respect of approximately half of the then minority shareholders."

The Preussag chairman said that Pemodalan Nasional has since entered the market and is currently buying Amalgamated Metal ordinary shares at a price highe rthan the Preussag terms of 440p in shares or 400p in cash per share and has indicated its intention of standing in the market until at least 3.30 pm.

The minority shareholders have had the opportunity of disposing of their shares and accordingly, he says, Preussag will not be proceeding with its plans.

"It remains the intention of Preussag to participate more actively in the affairs of Amalgamated Metal and to procure the corrective action required in the current difficult trading circumstances," he concludes.

Permodalan is offering 550p per share in cash, which values Amalgamated at £34.5m. On the London stockmarket shares in Amalgamated were unchanged in yesterday's trading at 563p.

Amalgamated Metal's major asset is a tin smelting subsidiary in Malaysia. Permodalan said at the time of its offer last month that it did not did not want to see the ownership of these assets changing at a price well below their worth.

FIELDWOOD/BRAHAM

Attempts were being made yesterday by Fieldwood, a private investment company, to reach agreement with Braham Millar the engineering group over a revised cash offer worth 30p a share, made this week by Fieldwood for Braham.

Charterhouse Japhet, merchant bank advisers to Braham Millar, and Barclays Merchant Bank, advisers to Fieldwood, were discussing whether there was a basis on which Braham Millar might recommend an offer by Fieldwood. Because of the discussions, the posting of the formal document setting out the revised Fieldwood offer has been postponed.

TURNBULL SCOTT

Turnbull Scott Holdings, the ship and engineering group, has entered conditional agreement to acquire Fred Parkes Holdings. The agreement is subject to Turnbull's shareholders' approval. It was announced in August that discussions between the companies were in progress.

Thames Investment buys Martin Middleton

Thames Investment and Securities, the property developer quoted on the Unlisted Securities Market, has acquired for £1.86m, the share capital of Martin Middleton Properties, a private investment company with a Cheshire-based property portfolio. The Middleton family has been a prominent property owner in Crewe for many years.

The portfolio was given a valuation of over £3m prior to the purchase. Martin Middleton Properties earned £62,865 in the year to June 30. Mr Joseph Benjamin, chairman of Thames, said yesterday that the acquisition was expected to add more than £200,000 to his company's projected net rent roll.

Thames has already sold some of the acquired properties, which consist mostly of shops and offices. It plans to dispose of property worth about £1m, keeping the rest as a long-term investment with a rent value of about £150,000 per annum.

Of the purchase price, Thames has paid £550,000 with 275,000 of its own ordinary shares at £2 per share, together with £500,000 of 10 per cent loan notes convertible at £2 per share. The remainder has been paid in cash, drawing upon Thames' existing bank overdraft facilities.

WATSHAMS £1.1M ACQUISITION

Through a wholly-owned subsidiary, Watsham's has agreed to acquire the business, assets and trading names of TVM, together with certain of its liabilities, for £1.1m.

The consideration will be satisfied by the allotment of new 25p Watsham's shares.

TVM is a leading supplier of specialised products to the medical field, concentrating primarily on ostomy and urinary and electronic diagnostic appliances.

Advent Technology makes first two investments

Advent Technology, the £10m Edinburgh-based technology fund launched in May this year with backing from 23 investment institutions, has made its first two investments.

A 40 per cent stake has been acquired for £500,000 in a Yorkshire-based electronics company, Filtronic Components which is best known for its advanced work in the design, development and production of microwave components and sub-systems used in radar and telecomunications systems for both military and commercial applications.

The second of Advent's investments is the acquisition of a small stake in I. P. Sharp Associates of Toronto, as part of an investing group which has acquired 12.9 per cent of the equity of the company.

Sharp provides a worldwide computer time sharing and database service and is market leader in certain sotfware products.

LONDON TRADED OPTIONS

Nov. 5 Total Contracts 3197. Calls 2922. Puts 275.

Option	Ex'rcise price	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP (c)	280	42	—	52	4	—	—	314p
BP (c)	300	32	18	38	—	50	—	"
BP (c)	320	18	3	—	—	—	—	"
BP (c)	350	8	10	—	—	—	—	"
BP (p)	260	4	1	10	—	—	—	"
BP (p)	320	18	35	—	—	—	—	"
CU (c)	140	9	—	14	1	18	—	134p
CU (c)	160	6	8	10	12	—	—	"
Cons. Gld (c)	500	38	5	55	—	68	—	500p
Court'lds (c)	50	8	4	10½	—	13½	—	53p
Court'lds (c)	60	3	6	5½	7	8	—	"
Court'lds (c)	70	1½	4	3	—	—	—	"
GEC (c)	650	102	7	127	—	152	—	724p
GEC (c)	700	62	3	90	—	114	—	"
GEC (c)	800	15	1	40	10	—	—	"
GEC (c)	850	6	—	20	4	—	—	"
Gr'd Met. (c)	180	9	8	17	—	24	—	169p
Gr'd Met. (c)	200	3	3	8	6	—	—	"
Gr'd Met. (p)	160	8	1	13	—	16	—	"
Gr'd Met. (p)	180	17	101	24	10	26	—	"
ICI (c)	240	52	4	60	—	68	—	280p
ICI (c)	260	34	1	42	—	50	—	"
ICI (c)	280	19	38	28	4	36	—	"
ICI (c)	300	10	4	15	—	—	—	"
ICI (p)	260	8	2	14	—	18	—	"
Land Sec.(c)	312	16	6	—	—	—	—	312p
Land Sec.(c)	330	—	—	20	2	—	—	"
Mks & Sp (c)	100	28	1	34	—	38	—	121p
Mks & Sp (c)	110	18½	5	24	—	28	—	"
Mks & Sp (c)	120	9½	5	15	—	18	—	"
Mks & Sp (c)	130	3½	13	9	—	—	—	"
Shell (c)	360	46	—	56	1	64	—	392p
Shell (c)	390	26	16	36	11	46	—	"
Shell (c)	420	10	5	16	—	—	—	"
Shell (p)	360	8	9	14	—	18	—	"
Shell (p)	390	14	4	26	—	30	5	"
Shell (p)	420	30	10	36	5	—	—	"
		November		February		May		
Barclays (c)	390	47	3	58	—	72	—	435p
Barclays (c)	420	20	2	45	—	52	—	"
Barclays (c)	460	3	14	20	26	30	—	"
Imperial (c)	60	6	105	10	105	11	25	64p
Imperial (c)	70	2½	905	5	37	6½	128	"
Imperial (p)	60	1	20	3	—	4½	—	"
Lasmo (c)	460	40	1	80	—	90	—	494p
Lasmo (c)	500	15	3	50	—	65	—	"
Lonrho (c)	80	1½	3	6	—	8	—	76p
Lonrho (c)	90	1	—	3½	100	5	—	"
Lonrho (p)	70	1	—	4	6	5	—	"
Lonrho (p)	80	5	2	8½	—	11	—	"
P&O (c)	90	50	13	53	4	55	—	136p
P&O (c)	100	40	6	43	32	45	—	"
P&O (c)	110	30	50	33	50	36	15	"
P&O (c)	120	23	66	25	73	28	78	"
P&O (c)	130	16	339	19	89	—	—	"
P&O (c)	140	9	165	11	44	—	—	"
P&O (c)	150	3	40	—	—	—	—	"
P&O (c)	160	2	6	—	—	—	—	"
Racal (c)	390	25	1	48	1	62	—	408p
Racal (c)	420	12	15	32	3	43	—	"
Racal (p)	390	6	52	17	—	22	—	"
Racal (p)	420	20	—	28	1	32	—	"
Racal (p)	460	55	2	57	—	60	—	"
RTZ (c)	460	35	52	62	—	77	—	484p
RTZ (c)	500	14	20	43	16	55	—	"
RTZ (c)	550	4	7	35	21	35	—	"
RTZ (c)	600	1	—	14	1	20	—	"
RTZ (p)	460	13	4	20	—	25	—	"
Vaal Rfs. (c)	60	5	5	9½	—	11	—	$64
Vaal Rfs. (p)	60	1	—	4	5	5¼	—	"

C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	15½%	Grindlays Bank	‡15½%
Allied Irish Bank	15½%	■ Guinness Mahon	15½%
American Express Bk.	15½%	■ Hambros Bank	15½%
Amro Bank	15½%	Heritable & Gen. Trust	15½%
Henry Ansbacher	15½%	■ Hill Samuel	§15½%
■ Arbuthnot Latham	15½%	C. Hoare & Co.	†15½%
Associates Cap. Corp.	16 %	Hongkong & Shanghai	15½%
Banco de Bilbao	15½%	Knowsley & Co. Ltd.	16½%
BCCI	15½%	Lloyds Bank	15½%
Bank of Cyprus	15½%	Mallinhall Limited	15½%
Bank of N.S.W.	16 %	Edward Manson & Co.	16½%
Banque Belge Ltd.	15½%	Midland Bank	15½%
Banque du Rhone et de la Tamise S.A.	16 %	■ Samuel Montagu	15½%
Barclays Bank	15½%	■ Morgan Grenfell	15½%
Beneficial Trust Ltd.	16½%	National Westminster	15½%
Bremar Holdings Ltd.	16½%	Norwich General Trust	15½%
Bristol & West Invest.	17 %	P. S. Refson & Co.	15½%
Brit. Bank of Mid. East	15½%	Roxburghe Guarantee	16 %
■ Brown Shipley	16 %	E. S. Schwab	16 %
Canada Perm't Trust	16 %	Slavenburg's Bank	15½%
Cavendish G'ty T'st Ltd.	16 %	Standard Chartered	‖15½%
Cayzer Ltd.	16 %	Trade Dev. Bank	15½%
Cedar Holdings	16 %	Trustee Savings Bank	15 %
■ Charterhouse Japhet	16 %	TCB Ltd.	15½%
Choulartons	16 %	United Bank of Kuwait	15½%
Citibank Savings	¶15 %	Whiteaway Laidlaw	16 %
Clydesdale Bank	15½%	Williams & Glyn's	15½%
C. E. Coates	16 %	Wintrust Secs. Ltd.	15½%
Consolidated Credits	15½%	Yorkshire Bank	15½%
Co-operative Bank	*15½%		
Corinthian Secs.	15½%		
The Cyprus Popular Bk.	15½%		
Duncan Lawrie	15½%		
Eagil Trust	15½%		
E. T. Trust Limited	16 %		
First Nat. Fin. Corp.	18 %		
First Nat. Secs. Ltd.	18 %		
Robert Fraser	16 %		
Antony Gibbs	15½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 14%, 1-month 14.25%. Short term £8,000/12 months 16.60%.
† 7-day deposits on sums of £10,000 and under 13½%, up to £50,000 14% and over £50,000 14½%.
‡ Call deposits £1,000 and over 13½%.
§ Demand deposits 14%.
‖ 21-day deposits over £1,000 15%.
¶ Mortgage base rate.

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$400	—	—	1	51	—	—	$429
GOLD C	$425	1	14	20	37	—	—	"
GOLD C	$450	10	8.50	34	21	105	35	"
GOLD C	$475	—	—	37	13.50	—	—	"
GOLD C	$500	—	—	2	7	—	—	"
GOLD P	$400	—	—	—	—	2	9.50	"
GOLD P	$425	22	6.50	20	17	—	—	"
GOLD P	$450	2	21	2	30	—	—	"
		Jan.		April		July		
ABN C	F.300	1	4 A	—	—	—	—	F.286
AKZO C	F.20	—	—	1	3.80	—	—	F.21.10
AKZO C	F.22.50	63	1.20	15	2	—	—	"
AKZO C	F.25	10	0.50	42	1.40	—	—	"
AMRO C	F.50	1	5	—	—	—	—	F.53
AMRO C	F.55	—	—	—	—	4	3	"
HEIN C	F.50	20	1.30	—	—	—	—	F.45.40
HEIN C	F.55	—	—	10	1.10	—	—	"
HOOG C	F.20	50	0.20	—	—	—	—	F.14.20
KLM C	F.90	9	12.30	6	7.50	—	—	F.96.70
KLM C	F.100	71	8.50	2	13 B	—	—	"
KLM C	F.110	12	5 B	6	9	—	—	"
KLM C	F.120	48	2.80	5	5.50	—	—	"
KLM C	F.130	42	1.30 B	—	—	—	—	"
KLM C	F.140	30	1 B	—	—	—	—	"
KLM P	F.80	61	1	—	—	—	—	"
KLM P	F.90	187	3.20	—	—	—	—	"
KLM P	F.100	32	8.30	—	—	—	—	"
NEDL C	F.140	12	10	—	—	—	—	F.143.30
NEDL C	F.150	12	4.60	—	—	—	—	"
NEDL C	F.160	15	2.20	—	—	—	—	"
NEDL P	F.130	7	1.30	—	—	—	—	"
NATN C	F.115	—	—	2	3	—	—	F.109.30
NATN P	F.110	—	—	—	—	4	6.50	"
PETR C	F.4500	—	—	4	290	—	—	Fr.4205
PHIL C	F.20	115	1	4	1.90 B	54	2.40	F.19.70
PHIL C	F.22.50	62	0.50	95	0.90	16	1.20	"
PHIL C	F.25	10	0.20	10	0.50 A	—	—	"
PHIL P	F.17.50	12	0.50	—	—	—	—	"
PHIL P	F.20	50	1.40	10	1.90	30	2.20	"
PHIL P	F.25	10	5.50 B	—	—	—	—	"
RD C	F.70	10	16	—	—	—	—	F.84.10
RD C	F.80	12	8 B	20	11	—	—	"
RD C	F.90	42	2.90	27	6.30	30	8.50 B	"
RD C	F.100	34	0.80	—	—	—	—	"
RD P	F.70	58	0.50	5	2	5	2.60 B	"
RD P	F.80	51	2.50 A	20	3.80	5	6	"
RD P	F.90	5	7.50 A	—	—	—	—	"
UNIL C	F.140	17	9.50 B	—	—	—	—	F.146
UNIL C	F.150	72	4.40	71	7.30 B	—	—	"
UNIL C	F.160	56	2	85	4.10	—	—	"
UNIL P	F.130	2	0.80	—	—	—	—	"
UNIL P	F.140	30	2.70	2	6.50	—	—	"
UNIL P	F.150	14	9	—	—	—	—	"
		Nov.		Feb.		May		
BOEI C	$30	—	—	8	1½	—	—	$26⅝
MANN C	DM.150	—	—	3	10	—	—	DM152.80
VW C	DM.130	—	—	2	7	—	—	DM150

TOTAL VOLUME IN CONTRACTS 2212

A=Asked B=Bid C=Call P=Put

SHARE STAKES

Tanks Consolidated Investment — Societe Generale announce that since midday on November 4 and up to midday yesterday it purchased in the market, at 450p each, 76,500 ordinary of Tanks (0.5 per cent).

Francis Sumner (Holdings)—Max Maimann, director, has purchased 75,000 ordinary shares on behalf of a Family Investment Co.

Amalgamated Metal Corp.—On Wednesday Permodalan Nasional Berhad purchased a further 85,000 ordinary shares at 562p. Permodalan's total holding now amounts to 550,779 ordinary (8.76 per cent).

A. G. Stanley Holdings—Berger, Jenson and Nicholson has recently purchased a further 115,000 shares, bringing holding to 3,546,287 (13.99 per cent).

Alexander Howden—De Zoete and Bevan yesterday bought on behalf of Alexander and Alexander Services 25,000 shares at 141p making Alexander holding 5,300,000 shares (5.8 per cent).

Crossfriars Trust — Equitable Life Assurance Society has purchased further shares making holding 930,000 ordinary shares (9.3 per cent) held by them and a subsidiary, University Life Assurance Society.

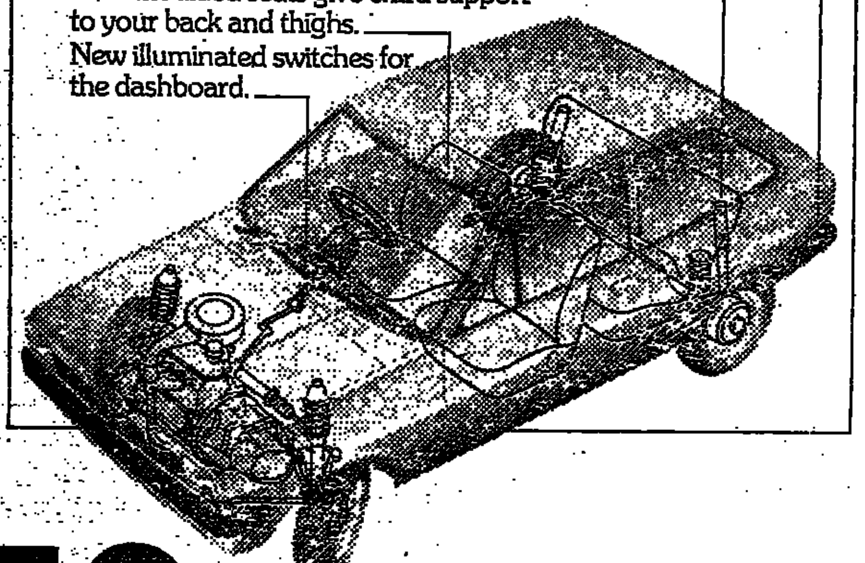
Comfort Hotels International—Chairman H. J. Edwards non beneficial interest in the ordinary shares has been increased by 100,000 shares through the purchase by the Adint Charitable Trust at an average of 15½p per share. Mr Edwards' total holding is therefore increased to 7,938,000 of which 3,425,000 are non beneficial.

Popular economics.

(Today more than ever a Fiesta figures...)

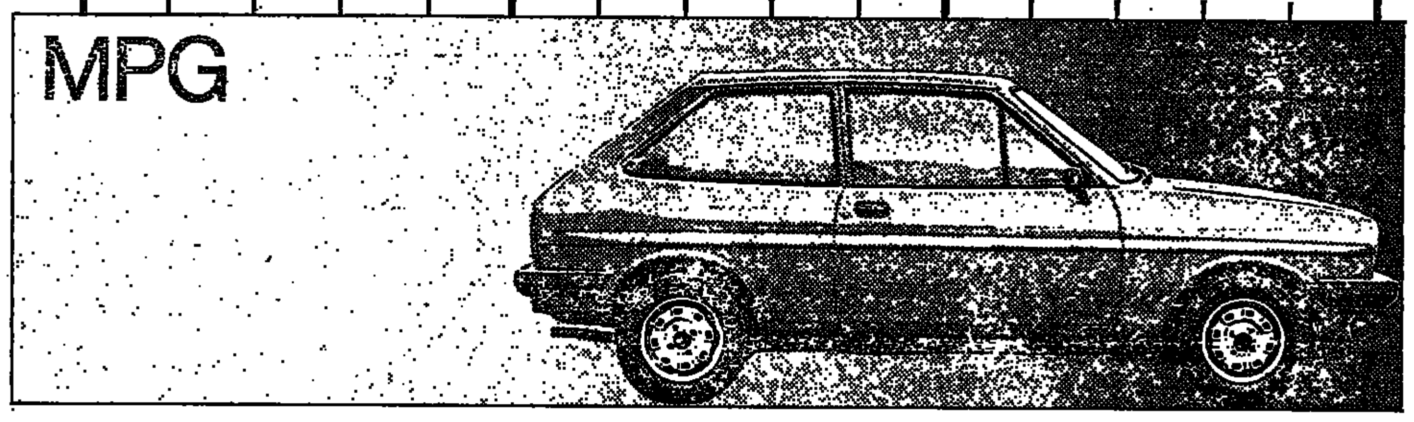
From
£3,145*

With all these new features added at no extra cost, the 1982 model Fiestas are now better value for money than ever. But do hurry. You won't be able to get one at today's low prices for much longer.

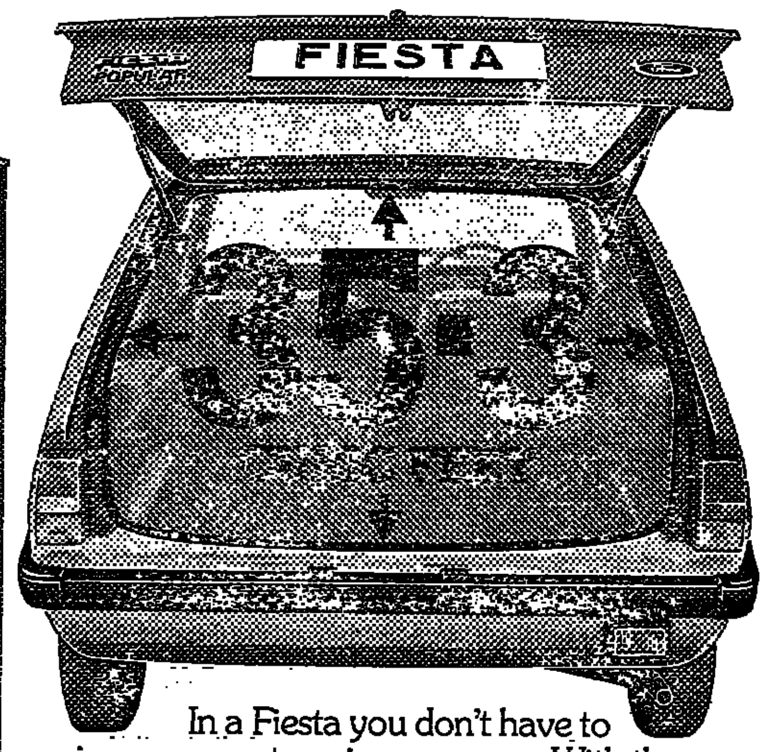


35 40 45 50

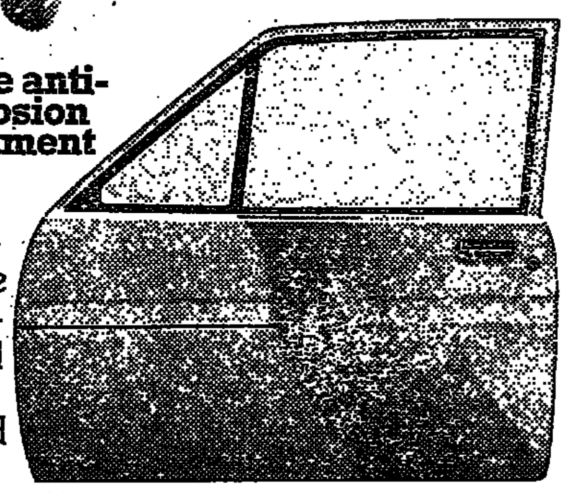
MPG



The Fiesta's fuel economy figures speak for themselves.
At a steady 56 mph the 950cc 2 Star version does 50.4 mpg.†



19 stage anti-corrosion treatment



The treatment includes total immersion in anti-corrosive paint and wax injections into doors and box sections. No wonder Fiestas hold their value so well.

12,000 mile standard service intervals

A Fiesta goes 12,000 miles between standard services with only a minor service at 6,000 miles. Ford parts are reasonably priced too. And the car has so many labour-saving engineering ideas, like its clever self-adjusting clutch, that even the 12,000 mile service is a simple operation.

In a Fiesta you don't have to give up space to enjoy economy. With the back seats folded the effective luggage capacity is 35.3 cubic feet.

1,200 Ford dealers

When the time comes for a service, you'll find that there's a Ford dealer almost on your doorstep. Very convenient. Come to think of it, you could easily pop round to your local dealer and buy a Fiesta today! Recommended insurance rating is only Group 1 for 950cc Popular and L models and, don't forget, you can also ask for 'Extra Cover,' Ford's optional 2nd and 3rd year warranty.

Ford gives you more. Ford

†Government fuel consumption tests for Fiesta 950cc 40 BHP DIN. Constant 56 mph (90 kmh) – 50.4 mpg (5.6 litres/100km). Constant 75 mph (120 kmh) – 34.4 mpg (8.2 litres/100km). Simulated Urban Cycle – 35.8 mpg (7.9 litres/100 km).
*Maximum price for a Fiesta Popular 950cc as at 25th July, 1981. Seat belts and car tax included. Delivery and number plates at extra cost.

Hammerson earns and pays more in first half

Pre-tax profits of **Hammerson Property and Investment Trust** expanded to £6.62m for the first six months of 1981, against £4.83m, and the interim dividend is stepped up from 2.5p to 3p net per 25p share.

After tax of £2.53m (£1.76m) and minority interests of £661,647 (£579,131) the attributable balance was £3.42m, compared with £2.5m. Earnings are shown as 7.13p (5.44p) per share.

Group rental income amounted to £18.71m, against a £15.45m previously, and interest charges took £9.94m compared with £8.6m. There was a transfer of £2.23m (£1.45m) to cost of properties.

The directors report a much lower surplus, of £266,804 (£1.64m), on the sale of properties and investments in associates, less tax.

Gross income of subsidiary, Reunion Properties, jumped from £1.27m to £7.72m for the six months but profits were much lower at £48,000 (£1.16m)—there was no tax figure.

● comment

Ahead of the next accounts, when **Hammerson** may be expected to comply with the new accounting standard and produce its first reversionary portfolio valuation, outside guesstimates of net worth still vary widely between about 740p and 820p per share. *Even allowing for the* most conservative City estimates, Hammerson is still rated very much at the top of the sector at 630p per share, up 10p yesterday, at a discount of 15 per cent. The interim p and l serves to underpin the quality rating. No allowance is made at the halfway stage for substantial (and growing) dealing profits but rental income has expanded by 21 per cent which gears up to 37 *per cent growth at the pre-tax* level. That suggests that Hammerson, with the benefit of a full contribution from Calgary Phase II prominent among many other smaller items, is going to beat earlier, tentative, forecasts of £14m pre-tax this year with some comfort. The shares are not easily marketable, to say the *least, but they remain a buy.*

Airflow Streamlines £62,000 in red halftime

DEMAND HAS remained low in some sections of the manufacturing division of **Airflow Streamlines**. For the six months to August 31 1981 this motor truck cab maker and car and truck distributor reports a dive from a £254,000 pre-tax profit to a £62,000 loss. However, the loss was at a much reduced level compared with the £536,412 loss seen in the second half last time.

The interim dividend is being omitted. Last time the final was passed leaving a single payment of 0.1p for the year.

Further substantial redundancy costs were incurred on the manufacturing side during the half year and action is still being taken to cut operating costs and to secure new business.

Motor sales overall remained high although truck sales declined and competition continues to affect margins and profits of the motor division.

Group sales for the six months slipped from £10.23m to £9.6m.

There was no tax charge this time (£132,000) leaving losses per 25p share at 1.38p (1.51p earnings) basic and 1.03p (1.13p earnings) fully diluted.

Reserves were reduced by £87,752 compared with a retained profit of £89,885, after dividend costs of £25,752 (£32,115).

Burndene second half losses down

DESPITE AN expected reduction in second-half losses, from £714,067 to £325,869, **Burndene Investments**, caravan and mobile *home manufacturer, finished the* May 30 1981 year £820,331 in the red pre-tax, compared with £620,842.

The directors say that in the present depressed economic conditions, trading in all divisions will remain difficult. However, as a result of reductions in stocks and borrowings and the various savings made, they anticipate a significant reduction in losses in the current year.

Turnover for 1980-81 moved ahead from £8.65m to £9.02m and with the omission of a final dividend there is no distribution for the year—last year's effective 0.75p interim was the total for that period.

Above the line, interest charges were £656,577 (£568,203), exceptional interest took £185,390 (nil), and depreciation £186,621 against £187,368.

The tax figure was a £504,668 (£151,793) credit and the attributable loss came through at £258,364 (£420,000) after an extraordinary credit of £51,261 compared with £103,472, and exchange *gains of* £6,038 (£54,423 losses).

Loss per share is given as 3.1p (4.6p) and on a CCA basis the pre-tax loss is increased to £901,000.

Capper Neill declines to £1.6m at six months

WITH TRADING conditions continuing to be exceptionally *difficult, particularly for the* factory-based companies, profits of Capper Neill slipped in the six months to September 30 1981 the pre-tax figure emerging at £1.61m, compared with £1.77m.

Turnover, however, including exports held all but steady at £53.2m (£53.92m) and trading profits came through marginally lower at £3.03m (£3.04m)—the chairman had warned in June that these were unlikely to match those of the corresponding months last year.

On the outlook, the directors now say the fall in the value of sterling will provide a better opportunity for the site construction companies to compete in world markets and it is pointed out that work in hand has held at a level little changed from that of six months ago.

However, "lack of confidence, fuelled by high interest rates throughout the world, has continued to discourage expenditure on capital projects and until *confidence can be regained* through a long-term reduction in these rates, particularly in the U.S., there is little prospect of industry climbing out of the recession."

The directors "are well aware" of the time it takes for an improvement in demand to show through to profits, but with no present indication of any *increase in overall demand, they* are unable to view the second half of the year with optimism.

The pre-tax figure for the half year was struck after interest charges of £910,000 (£917,000) and redundancy costs higher at £510,000, against £352,000.

Tax took £429,000 (compared with an adjusted £634,000 *reflecting stock relief provisions)* leaving the attributable balance at £1.18m (£1.14m).

Stated earnings per 10p share edged ahead to 4.08p (3.95p) but the net interim dividend is held at 2.1p—a final of the same amount was paid for 1980-1981 from taxable profits of £3.81m.

The directors say any evidence claiming that the recession might have bottomed out proved to be unsound in the first half and with no end in sight, the programme of retrenchment had to continue throughout the period with redundancy costs being substantially higher than previously foreseen.

They say the level of trading profits shows that margins have been maintained and that the continuing effort to reduce costs has balanced the effect of the fierce competition for orders.

The group designs, manufactures and erects pipework, storage and process plant for industry.

● comment

Capper Neill appears to have acclimatised to the unwelcoming conditions prevailing on the cyclical sea-bed. Although there are profits to be made on industrial plumbing, and on Capper's factory-produced capital goods, they have become rather slim. Two-thirds of group turnover is contracting business, much of it fortunately overseas, and that is where trading margins have remained the most acceptable. Order books in site-contracting are still good, even if tender competition has been getting fiercer. The benefits of prolonged cost-cutting are being *demonstrated in Capper's continuing* ability to take contracts at some sort of profit. However, the group sees no reason to expect an increased workload for its UK operations this year. That suggests—since gearing has not changed significantly—that there is little or no improvement to come in the second half; the only positive elements are cost-eliminations already achieved, coupled with a smaller redundancy charge. At 59½p, up ½p, the shares are sustained by a yield of 10¼ per cent but the fully-taxed prospective p/e of nearly 11 will probably stop them rising very far.

No interim by Wace after loss

THE INTERIM dividend is omitted by **Wace Group**, provides production servic advertisers and printers, it slid sharply into £359,000 tax losses for the six mont June 30 1981.

This compares with ta profits of £91,000 last time of only £1,600 for the who 1980, when dividends of net per 20p share were pai each half.

Losses per share are giv 10.03p against 1.17p earnir

A poor first quarter followed by substantial los April which required d reorganisation, the board Results for the second hal expected to be similar further costs are still to from these measures.

However, the reorgani has halted the trading The directors say this ind that when all savings take profits are achievable, and it augurs well for 1982.

Turnover this time fell £3.21m to £2.76m. In charges moved up from £ to £67,000 and exceptional of £174,000 (£57,000) were above the line. Tax c brought £32,000 as opposed £50,000 charge.

Wemyss Inv. up slightly and raises payout

An improved final dividend has been declared by **Wemyss Investment Company**, reflecting a slight advance in available revenues from £452,088 to £465,795 for the year to September 30 1981.

This distribution of 13p net per share (12p) lifts the investment trust's total from 19p to 20p. Earnings per share are stated as 20.7p (20.09p) and net asset value 454p (456p).

Tax took £279,848 (£263,835).

£8.5m valuation on Sterling subsidiary

Sterling Credit Group says a valuation has been carried out of the property portfolio of **Winston Estates**, its recently acquired *subsidiary. This valuation, which* has been carried out by Weatherall Green and Smith, was on the basis of open market value and places a value of £8,518,500 on the portfolio of Winston as at August 31 1981.

This represents a surplus of £2,003,687 over the book value of the portfolio as at that date.

Property dealing side blamed for decline at Samuel Props.

TAXABLE PROFITS of **Samuel Properties**, the property investment holding company, finished the year to June 30 1981 £944,000 lower at £3.22m after a fairly static second six months —at the half-way stage they showed a drop from £1.91m to £1.11m.

The decline is blamed on a fall in profit from property *dealing from £1.73m to £595,000.*

Pre-tax figure for the year included a share of profits of associates higher at £180,000 (£80,000). Tax took much less at £224,000 (£1.29m).

At the attributable level profits were £3.39m against £3.16m, after transfer from unrealised capital surplus of £215,000 (£132,000), minority debits of £12,000 (£9,000) and extraordinary credits of £193,000 (£164,000).

Stated earnings per 25p share moved up to 11.12p (10.47p) and a final dividend of 3.1p (same) raises the net total to 4.3p (4.2p).

Despite difficult economic conditions prevailing at present, *the company is confident that it* will make progress by concentrating on its present development programme in the UK and on its commercial and residential projects in the U.S.

The directors say they will review its existing investment portfolio and make disposals where it is considered appropriate and utilise the funds raised to retain the freehold or long leasehold interests in development projects as far as is feasible.

Sufficient U.S. medium-term loan facilities have been arranged which will be utilised for the U.S. projects. These dollar facilities, together with the company's sterling banking facilities, are adequate to cover the group's requirements for the foreseeable future, the directors add.

An independent valuation of the entire portfolio of investment properties has not been commissioned this year. Instead all those properties whose values are considered to have changed materially during the year, have been valued as at *June 30 1981 by the directors.* The properties were those where by virtue of rent reviews, relettings or other alterations, "a significant enhancement of the existing capital value has occurred." The surplus of £1.76m which arose from the valuation has been credited to reserves.

The directors say that in their opinion the open market value of properties acquired for, or in the course of, development by the group is in excess of book value.

The assets employed by the group amount to £75.1m and year end net asset value per share is given as 177p (164p).

Following rent reviews agreed during the year, the company has received rent increases from investment properties amounting to £161,000 per year. Rents in the Thistle centre at Stirling are due for review in 1982 and the directors expect that substantial increases will be obtained, here and elsewhere.

Ambrose Inv. first half downturn

Gross income of Am Investment Trust for the year to September 30 198 from £436,528 to £359,392, expenses of £36,174 com with £33,886.

Tax took £108,153 (£13 for an attributable balan £251,239 (£303,652).

The net interim divide held at 2.8p and the dir say that in view of the the general recession has b first half income, it is un there will be any increase final for the year. Last total payment was 7.1p.

There was a surplu £242,862 on realisation of i ments in the six months a September 30 the net asset per capital share stoo 147.89p (168.73p).

Cramphorn has slight fall at year-end

A fall from £279,9 £242,670 in pre-tax prof reported by Cramphorn, g garden supplier, for the y July 4 1981. Turnover ros £8.96m to £10.17m.

There was a tax char £71,620 compared with £1 The final dividend is 11. an unchanged total of Stated earnings per £1 increased from 53.8p to 71

In addition to the re profit of £131,302, there deferred tax write-bac £621,400 in respect of increase relief, making a of £752,702.

The company's shares traded in on the Ur Securities Market.

BAKER PERKINS

Baker Perkins Propr the Australian subsidia Baker Perkins Holdings, acquired the goodwill and of Willett Industries prietary for A$777,000 cas

Brisbane-based Willett factures ovens and mach for retail and in-store ba

Receivers for Gibbs Furniture

Mr G. T. E. Parsons and Mr R. D. Agutter of chartered accountants Peat, *Marwick,* Mitchell and Co., have been appointed as joint receivers and managers of Gibbs Furniture, of Edmonton, London, N.

The receivers have put in hand an urgent investigation into the company's affairs in order to assess its future prospects and viability. Meanwhile, they *intend to continue the business* as usual. The company makes household furniture.

Henry Boot £12,000 lower

A SLIGHT FALL of £12,000 to £239,00 in pre-tax profits is reported by **Henry Boot and Sons**, the Sheffield construction, *joinery, engineering and property* group, for the halfyear to June 30 1981. Turnover rose from £42.62m to £45.15m.

Mr E. H. Boot, the chairman, *says profit growth for the rest* of 1981 will be difficult and profits for the full year are unlikely to exceed last year's £1.7m. He says that despite *substantial pressure on Government* departments and local authorities, public sector contracts continue to suffer from delays in the settlement of claims.

House sales remains depressed and the high cost of financing *work in progress and land for* development is resulting in increasing losses for this activity.

He says management is maintaining its efforts to overcome the continuing adverse trading conditions created by the national recession.

Margins remained tight in civil engineering; in railway *engineering the home market* remains cautious and overseas prospects were slow but encouraging. A difficult market was being experienced in the foundry division.

Overall, he says the high *interest rates and continuing* decline in the volume of the home market are resulting in lower margins and are making 1981 a year in which profit growth is problematical.

There was a nil tax charge for the first half, compared with £110,000 in the corresponding period last year. The interim *dividend is unchanged at 3p net* per 50p share—last year's total was 13p.

London Pavilion falls

Profits before tax of the **London Pavilion** have fallen from £33,799 to £8,143 for the first six months of 1981.

Turnover, being income from the cinema, was lower at £16,599 (£40,545). However, the London Pavilion Cinema was closed on April 26 when income from the cinema has ceased.

Net rental income slipped from £1,500 to £1,210, but investment income was higher at *£11,040 (£10,205).* There was a loss of £4,065 (£4,323) on the sale of investments.

Tax for the half year took £4,301 (£13,020) and the net surplus came to £3,842, compared with £20,779.

The company has agreed to pay £5,000 per month with effect from January 1 1981 in architects' fees to make progress with the detailed design stage of its project for redevelopment.

This expenditure, together with other costs in connection with the London Pavilion site totalling £38,133, have been charged to redevelopment expenditure making a total to June 30 1981 of £155,820, which has been included in fixed assets.

Fees totalling some £58,000 for surveyors and solicitors have also been incurred in arranging the agreement for *lease signed on May 5. These* have been treated as the cost of the lease and included in fixed assets.

No provision has been made for any fees of other property advisors and consultants acting for the company in connection with the redevelopment, as these will be payable as the development proceeds and they will then be provided as part of the total financing arrangements.

BANK RETURN

	Wednesday Nov. 4 1981	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	43,550 308	+ 2,558,786
Bankers Deposits	568,446 425	+ 50,139,759
Reserve & other Accounts	1,476,089,278	— 103,100,528
	2,102,639,011	— 50,401,983
Assets		
Government Securities	577,960,069	+ 39,105,000
Advances & other Accounts	1,006,419,831	— 37,203,875
Premises Equipment & other Secs.	510,080,996	— 32,601,657
Notes	7,970,824	— 19,691,726
Coin	207,291	— 9,725
	2,102,659,011	— 50,401 983
ISSUE DEPARTMENT		
Liabilities	£	£
Notes issued	10,600,000,000	—
In Circulation	10,592,029,176	+ 13,691,726
In Banking Department	7,970,824	— 19,691,726
Assets		
Government Debt	11,015,100	—
Other Government Securities	8,239,263,389	— 165,676,653
Other Securities	2,349,721,511	+ 165,676,653
	10,600,000,000	—

Mexico to raise credit in special drawing rights

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

MEXICO IS raising its first credit denominated in Special Drawing Rights, the currency basket of the International Monetary Fund. Details of the operation announced yesterday also reveal that it is paying a higher margin on Eurocredit borrowings than before.

The borrowing takes the form of a $500m eight-year credit being arranged for the state financing agency Nacional Financiera (Nafinsa) by Chemical Bank International.

Half of the amount is to be raised in SDRs and the other half in dollars with a margin of ⅝ per cent over the relevant deposit rates applying to both tranches.

This is a higher margin than that previously paid on medium-term borrowings by Mexican state entities which have been used to raising medium-term money at a margin of ½ per cent over the London interbank offered rate or ⅜ per cent over U.S. prime.

Bankers have been expecting margins on Mexican credits to rise for some time because of the country's widening balance of payments deficit and heavy outstanding borrowings.

But the way in which an increase has been implemented in this case brings certain advantages to Mexico as it is able to avoid offering lenders a chance to contribute funds at a margin above the expensive U.S. prime rate.

By taking SDRs instead, Mexico is also protecting itself against fluctuations in U.S. interest rates, which have already hit its balance of payments hard this year. SDR interest rates are less volatile than dollar rates because they are a composite of the rates applicable to all five component currencies of the IMF's unit.

The loan should appeal to banks which are trying to promote the commercial use of the SDR in international lending, bankers said yesterday, although they admit that arranging these loans is rather more costly than conventional single currency credits because of the complex foreign exchange operations involved.

This cost element affords Mexico a plausible excuse for raising the margin it is willing to pay at a time when a pure dollar credit on traditional margins might have met resistance from banks worried about lending limits, they said.

Chemical Bank is presently assembling a lead management group of banks which will commit themselves to the credit for equal amounts of dollars and SDRs. Later the credit will go into open market syndication.

Eurobonds show sharp rises

BY ALAN FRIEDMAN

THE EUROBOND market continued its rally yesterday with gains of more than a point among Eurodollar bonds and increases in the D-Mark and Swiss franc foreign bond sectors. The reports from Washington that the Office of Management and Budget is now forecasting a fiscal 1982 budget deficit of $98bn—more than double the earlier prediction of $43bn—came too late to affect European capital markets.

Today sees the launch of the first Japanese convertible bond since the market came to a standstill two months ago. A $25m 15-year issue is being offered for the Life Company, a Japanese consumer credit group listed on the Osaka Stock Exchange.

Nikko Securities is leading the issue, which carries a 6 per cent semi-annual coupon and a 5 per cent conversion premium, to be determined by the six-day average up to November 11. The company's share price yesterday stood at Y1,040, against a 1981 high of Y1,456 and low of Y995.

Mr Peter Crane of Nikko Securities said yesterday that the issue had been pre-placed. "Despite the adverse Japanese equity market, we believe there are some investments which are attractive on a long-term basis. This deal is tailored for European fund managers."

A $100m 10-year floating rate note has been launched for Security Pacific, the California-based banking group. The issue led by Credit Suisse First Boston, carriesr a 5¼ per cent minimum coupon and a spread of ¼ per cent above the London interbank offered rate. The borrower may call the notes back after next year at par and the investors may redeem them at par starting in 1988.

In the D-mark sector, foreign bonds increased by up to ½ point amid optimism over interest rates. The DM100m 11½ per cent bonds for Venezuela were trading at a discount of 1½ points.

Swiss franc foreign bonds were up ½ point as the market was encouraged by interest rates and the strength of the Swiss currency. The Oesterreichische Kontrolbank, Austria's export credit bank, is raising SWFr 40m through a five-year bond with an 8½ per cent coupon. The price has been fixed at par and lead-manager is the Wirtschafts- und Privatbank.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Monday November 16.

Closing prices on November 5

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Anheuser-Busch 16½ 88	100	100⅜	100⅞	+1¼	+1½	16.34
APS Fin. Co. 17¼ 86 ...	60	104	104⅝	+0⅝	+3⅝	15.92
Br. Colum. Hyd. 16¾ 88	100	101	101½	+1⅛	+1⅜	15.94
Br. Colum. Mfe. 17 97	54	103	103½	+0⅝	+1⅛	16.41
CIBC 15¾ 86	75	98¼	98¾	+0⅝	+2⅞	15.66
CIBC 16½ 91	100	101¼	101¾	+0⅝	+3¼	16.42
Citicorp Int. Fin. 15 86	150	98	98½	+0⅝	+2	15.48
Citicorp O/S 15½ 84 ...	175	101⅝	102⅛	+0⅜	+2⅛	14.47
Citicorp O/S 16¾ 86 ...	150	101⅝	102⅛	+0⅛	+1⅞	16.15
Cities Service 17 88 ...	150	104⅝	105⅛	+0⅞	+2⅜	15.69
Con. Illinois 14¾ 84 ...	100	97⅛	97⅝	0	+1⅞	15.84
CPC Fin. 16⅝ 88	50	104⅝	105⅛	+0⅜	+2⅞	15.22
EEC 14¾ 93	65	92⅝	93⅛	+1½	+3	16.10
EIB 16½ 88	100	100⅞	101⅜	+0⅝	+2⅛	16.21
EIB 16¾ 91	100	100⅞	101⅜	+0⅜	+2⅝	16.51
Finland Rep. of 9½ 86	100	78⅞	80	+0⅝	+1⅛	16.28
Ford Cr. O/S Fin. 16 85	150	97⅜	97⅞	+0⅛	+0⅞	16.87
GMAC O/S Fin. 14⅜ 87	100	94⅜	95⅛	+0⅜	+2⅜	16.13
GMAC O/S Fin. 16½ 84	300	100¾	101¼	+0½	+0⅞	16.06
Gulf States O/S 17½ 88	60	103⅞	104⅜	+0¼	+3½	16.43
Hiram Walker 16 86 ...	50	101⅜	102⅛	+0¼	+3⅜	15.31
IBM Wld. Trade 14⅜ 84	100	101⅝	102½	+0⅝	+1½	13.74
IBM Wld. Trade 14¼ 85	60	101½	102	+0½	+1⅜	14.05
Nat. Bk. Canada 15¼ 84	40	†99½	100	+1½	+3	15.25
Nat. Bk. Canada 16½ 88	40	99¼	99¾	+0½	+1½	17.31
New Brunswick 17 88...	60	103¾	104¼	+0⅜	+3¼	15.98
Newfoundland 17¼ 89	60	103⅝	104⅛	+0⅜	+1¼	16.32
Nova Scotia 15 91	75	94⅛	94⅝	+0⅝	+2⅜	16.11
Ohio Edison Fin. 17½ 88	75	103½	104	+2⅛	+4⅜	15.54
Pacific Gas Elec. 16 88	75	101	101½	0	+1	15.63
PSNH Int. Fin. 17 86 ...	30	102	102½	+0⅜	+2⅞	16.22
Quebec Hydro 17¼ 91...	150	104¼	104¾	+1⅞	+4	16.29
Shell Canada 15¾ 91 ...	100	99⅝	100⅛	+0⅜	+2⅜	15.70
Sth. California 14⅜ 88	50	96⅜	96⅞	+1⅜	+2⅞	15.54
Swed. Ex. Cred. 15⅞ 86	50	96⅞	97⅜	+0½	+1⅜	16.60
Tenneco Int. 17 89 ...	100	104⅜	104⅞	+0½	+2⅜	15.91
Transcanada 17⅜ 88 ...	75	105	105½	+0⅜	+2⅛	16.38
Walt Disney 15¾ 86 ...	100	100⅝	101⅛	+0⅜	+2⅜	15.39
Wells Fargo Int. 15½ 84	50	101⅝	102⅛	+0⅝	+2⅜	14.47
Winnipeg 17 88	50	104⅜	104⅞	+1½	+4	15.57
World Bank 14⅜ 86 ...	500	95⅝	96⅛	+1½	+3¼	15.61
World Bank 16 88	210	100⅝	101⅛	+0⅝	+3½	15.58
World Bank 16 88	80	100⅛	100⅝	+1½	+3⅜	15.83
World Bank 16½ 86 ...	130	101⅝	102⅛	+0⅜	+3¼	15.85
World Bank 16½ 88 ...	100	101½	102	+0⅜	+3⅞	16.04

Average price changes... On day +0⅞ on week +2½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	97⅞	98⅜	+0⅜	+0⅞	10.30
Asian Dev. Bk. 10⅜ 89	100	101¼	101¾	+0⅜	+0⅜	10.46
Austria, Rep. of 8¾ 92	150	89¼	89¾	+0⅜	+1½	9.86
Belgelectric 11 91	100	101⅝	101⅞	+0⅛	+0¼	10.72
CECA 10 91	120	†101	101¾	+0⅛	+1⅜	9.75
Council of Europe 10 91	100	97⅜	98¼	+0¼	+0½	10.32
Council Europe 10⅜ 91	100	99⅜	99⅞	+0⅜	+0½	10.31
EIB 8½ 90	200	90	90½	0	+1	10.21
EIB 10½ 91	200	†101½	102	+0⅞	+1⅜	10.20
ESCOM 9¾ 87	100	94	94½	+0⅜	−0½	10.59
Finland, Rep. of 10 89	100	97¼	97¾	+0⅛	+0⅜	10.47
Ind. Bk. Finland 8½ 90	50	†89¾	90½	+0⅜	+0⅞	10.23
Int.-Am. Dv. Bk. 10 91	100	†99	99¾	+0⅛	+1⅜	10.09
Japan Air Lines 8⅛ 87	100	93½	94	0	+0⅛	9.53
Japan Dev. Bk. 7⅝ 87	100	91¼	91¾	0	+0⅜	9.59
Midland Int. Fin. 8½ 90	120	91¾	92¼	+0⅛	+1⅛	9.88
Mrt. Bk. Dnmk. 10½ 91	100	98¾	99¼	+0⅜	+0⅜	10.67
Nat. West. 11 91	125	103⅛	103⅞	+0⅛	+0¼	10.39
OKB 10⅛ 91	150	98⅝	99¼	+0½	+0⅜	10.29
Renault Acc. 10⅜ 88 ...	150	98⅞	99½	−0⅛	+0½	10.95
Swed. Exp. Crd. 10⅜ 91	100	98½	99¼	+0⅛	+0⅞	10.44
Venezuela R. of 9⅜ 90	150	93¼	94	0	−0⅛	10.90
World Bank 11 91	100	102⅝	103⅛	+0⅛	+0⅜	10.48

Average price changes... On day +0⅜ on week +0⅜

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 6½ 91...	60	92⅝	93	0	0	7.57
BFCE 6½ 91	100	†91	91½	+0⅛	+0⅜	7.85
Bayer Int. Fin. 5⅜ 92...	100	†88½	89½	−0½	−0½	6.71
Belgelectric Fin. 7⅜ 91	100	100⅛	101	+0½	+1⅛	7.61
Bergen, City of 6¾ 91...	40	98½	99	+0⅜	+2⅜	6.93
CECA 6⅞ 91	80	93⅝	93⅞	+0⅛	+1½	7.69
Dome Petroleum 5⅞ 91	100	88⅞	89⅛	0	+1⅛	7.43
Dome Petroleum 7⅜ 90	100	102⅛	102⅝	+1	+2⅝	8.85
Elet. de France 5¼ 90	100	85½	86	+0⅛	−0⅛	7.50
Eurofima 5⅜ 92	80	†88	89	0	0	7.31
Finland, Rep. of 5⅝ 90	80	87½	87¾	+0½	+1½	7.60
Franc. Petroles 6½ 91...	80	92⅝	92⅞	+1½	+2⅛	7.60
Genstar 7 91	100	100	100⅛	+0½	+0⅜	6.97
Int. Amer. Dv. Bk. 7 91	100	96⅛	96½	−0⅛	+1⅛	7.54
I/S Elsam 8½ 91	30	102	103¼	+0⅛	+1⅛	8.03
Japan Dev. Bank 5⅜ 90	100	†96½	97	−5½	−5⅛	7.87
Mt. Blanc Tunnel 6½ 90	80	86⅛	86½	0	+2⅜	7.70
Neder. Gasunie 8 91 ...	100	104⅛	104½	+0½	+1	7.37
OKB 7 93	100	97½	97⅞	+0⅛	+0⅜	7.30
Oslo, City of 8 91	100	104⅛	104½	0	+2	7.37
Swed. Ex. Credit 7¼ 91	75	94⅜	95	−0⅛	+0⅛	8.03
Trade Dev. Fin. 6⅞ 90	50	90	90¼	+0⅞	−0⅞	7.70
Voest-Alpine 5¾ 90 ...	80	89¼	89½	+1⅞	+1⅜	7.59
World Bank 6 91	100	†88½	89	+0⅜	+0⅜	7.74
World Bank 7 90	100	†98½	99⅛	+0⅝	+0⅛	7.21
World Bank 8 91	100	103	103¼	0	+2	7.54

Average price changes... On day +0½ on week +0⅜

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅛ 91...	15	97	98	0	+0½	8.63
Australia 8½ 88	20	86	87	0	+0½	9.34
EIB 7⅝ 88	12	93⅝	94⅝	0	+0⅛	8.81
Finland 6.8 88	10	86⅝	87⅝	0	+0¼	9.52
Finland, Rep. of 8⅜ 87	15	95⅜	96⅜	0	−0⅜	9.24
New Zealand 8⅛ 87......	15	97	98	0	+0⅜	8.94

Average price changes... On day 0 on week +0⅜

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
CIBC 13½ 85 C$	50	90	91	−2½	0	17.20
CIBC 11¾ 85 C$	60	84	85	−2½	0	17.46
Federal Dev. 11½ 90 C$	60	†79	80	+1	+2⅛	15.98
Federal Dev. 17⅜ 86 C$	40	†102	103	+0½	+4	16.96
Nat. Can. Inv. 10 84 C$	80	†86½	87½	+0½	+1½	15.61
GMAC (Can.) 18 87 C$	60	†105	106	+0½	+1½	16.44
Tordom Cpn. 13½ 85 C$	20	†97	98	+0⅜	+3	14.37
M. Bk. Dnmk. 9 91 EUA	25	78¾	79¾	0	0	12.78
SOFTE 8¾ 89 EUA	40	74½	75½	0	0	13.81
U. Bk. Nwy. 9½ 90 EUA	78	80¾	82	−0⅛	−0⅛	13.30
Algemene Bk. 10⅜ 86 Fl	60	94½	95	−0⅛	+1⅛	11.83
Amro Bank 12 86 Fl ...	75	99½	100	+0⅛	+0⅞	12.03
Heineken NV 10 87 Fl...	100	93⅝	94⅛	0	+1⅛	11.50
Nat. Nedrlndn. 10 88 Fl	60	94	94½	0	+0⅛	11.31
Ned. Midd. Bk. 10 85 Fl	75	95½	96	+0⅛	+0½	11.40
Pierson 10⅜ 86 Fl	50	92⅞	93⅜	+0⅛	+0⅜	12.36
Rabobank 12 86 Fl	50	99¾	100¼	+0⅛	+0⅛	11.95
Air France 14½ 86 FFr...	200	91⅝	92⅝	0	+0⅛	17.07
Bk. America 14½ 85 FFr	250	92¼	93½	+0¼	+0½	16.88
Charb'nages 13⅞ 85 FFr	400	91⅛	92⅛	+0⅛	+0¼	16.82
EIB 14¼ 88 FFr	300	86⅞	87⅞	0	+0⅛	17.59
La Redoute 14⅜ 85 FFr	125	90	91	0	+0⅛	17.76
OKB 14 86 FFr	400	91¼	92¼	+0⅛	+0⅜	16.78
Solvay et C. 14¾ 86 FFr	200	91	92	+0½	+0⅝	17.61
Swed. E. Cr. 14⅝ 88 FFr	250	90¼	91¼	0	+0⅝	17.71
U. Mex. Sts. 14 85 FFr	150	91⅛	92⅛	0	0	17.22
Acona 14 85 £	20	89	90	−0⅛	+0⅛	17.81
Beneficial 14¾ 90 £......	20	80	80¾	0	+0⅜	18.90
BNP 13½ 91 £	15	82⅝	83⅜	+0¼	+0⅜	17.31
CECA 13½ 88 £	20	84⅜	85⅛	+0⅛	+0⅛	17.44
Citicorp O/S 13½ 90 £...	50	85⅝	86⅜	0	+0⅞	16.70
Fin. Ex. Cred. 13⅜ 86 £	15	88¾	89½	+0⅛	+0⅛	17.39
Gen. Elec. Co. 12½ 89 £	50	83⅛	83⅞	+0⅛	+0⅞	16.48
Hiram Walker 14⅜ 86 £	25	89⅝	90⅛	+0⅛	+0¼	17.58
Privatbanken 14½ 88 £	12	88	88¾	0	−0⅜	17.58
J. Rothschild 14¼ 90 £	12	88⅛	89⅛	−0⅛	+0⅛	16.77
Royal Trustco 14 86 £...	12	89¼	90¼	0	−0¼	17.49
Swed. Ex. Cr. 13⅜ 86 £	20	88⅜	89⅜	+0⅛	+0⅜	17.42
Akzo 9⅜ 87 LuxFr	500	85⅝	86⅝	0	+0⅛	12.70
Euratom 9¾ 88 LuxFr...	500	87⅛	88⅛	−0⅛	0	12.71
Eurofima 10½ 87 LuxFr	500	89⅛	90⅛	−0⅛	−0⅛	13.07
EIB 9¾ 88 LuxFr	600	83½	84½	+0⅛	0	13.71
Volvo 9¾ 87 LuxFr	500	84⅛	85⅛	0	0	13.56

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5⅞ 90	0¼	99½	100	18/12	16⅞	16.79
BBL Int. 5 86	0¼	99¾	100¼	20/11	18.31	18.31
BFCE 5⅜ 88	0¼	99½	100	26/4	16.94	16.98
BNP 5½ 88	‡0⅛	99⅞	100⅜	29/1	16⅞	16.73
Christiana Bk. 5½ 91 ...	‡0¼	98¾	99¼	5/2	15.56	15.72
Co-Ban Eurofin 5½ 91...	0¼	98⅝	99⅛	14/4	16.69	16.88
Den Norske Credit 6 90	‡0¼	99⅛	99⅝	5/2	15.56	15.66
Genfinance 5¼ 87	0¼	100⅛	100⅞	30/4	17.06	16.96
Genfinance 5¼ 92	0¼	99⅝	100¼	30/12	18.31	18.34
Giro und Bank 5⅜ 91 ...	‡0¼	99½	100	23/12	17½	17.54
GZB 5¼ 92	‡0¼	99⅛	99⅝	5/12	17¼	17.36
Ind. Bank Japan 5⅜ 88	0¼	100	100½	9/4	16⅝	16.58
Lloyds Eurofin 8 90 £...	0⅛	96⅝	97⅛	6/1	13⅜	14.05
Lloyds Eurofin 5¼ 92 ...	§0¼	99¼	99¾	4/12	17.44	17.53
Lloyds Eurofin 5¼ 93 ...	§0¼	99⅜	99⅞	29/4	17.13	17.19
LTCB Japan 5¼ 86	0⅛	99⅞	100⅜	13/12	17⅛	17.23
LTCB Japan 5½ 89	0¼	99⅝	100⅛	16/1	18.32	18.34
Midland Int. Fin. 5¼ 92	0¼	99½	100	5/12	17⅜	17.42
Midland Int. Fin. 9 91..	0¼	99½	100	30/4	17.06	17.11
Nacional Fin. 5½ 88 ...	0¼	98⅜	98⅞	25/3	17.31	17.55
Nat. Bk. Canada 5⅜ 88	0¼	99⅝	100⅛	24/3	17.31	17.31
Nat. West. Fin. 5¼ 91	§0⅛	99⅜	99⅞	15/1	18⅛	18.19
Nat. West. Fin. 5¼ 92	§0⅛	99½	100	23/4	17	17.04
Nordic Int. Fin. 5½ 91	0⅛	96⅜	98⅞	6/11	5½	5.58
Pemex 6 91	0⅜	98	98½	8/4	17	17.30
Pemex 5¾ 88	0⅛	97¾	98¼	14/2	18.81	19.20
Sanwa Int. Fin. 5⅜ 88	0⅛	99½	100	24/3	17¼	17.29
Societe Generale 5¼ 91	0¼	99⅜	99⅞	22/1	18⅝	18.70
Sparebanken 6 87	0¼	98⅞	99⅜	19/12	16.81	16.96
Sumi. Fin. Asia 5½ 88	0⅛	100⅜	100⅞	6/2	19.56	19.44
Svenska Hndlsbk. 6 87	0¼	100⅛	100⅝	15/1	18⅛	18.06

Average price changes... On day 0 on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¾ 96	7/81	933	87⅜	88⅞	−1⅛	0.34
Bow Valley Inv. 8 95...	4/81	23.12	98	99¼	+1⅛	29.58
Canon 6⅜ 95	1/81	829	115½	117½	−4⅛	−1.72
Daiwa Secs. 5½ 96	12/81	539	†75	77	0	0.51
Fujitsu 4½ 96	10/81	6770	100½	102	+0⅞	8.57
Furukawa Elec. 5⅜ 96...	7/81	300	107⅞	108⅞	−2⅛	2.89
Hanson O/S Fin. 9½ 96	8/81	2.74	†87	88	−1	−0.41
Hitachi Cred. Cpn. 5 96	7/81	1966	89⅛	90⅞	−2⅛	14.16
Inchcape 8 95	2/81	4.55	56	57½	0	27.23
Kawasaki 5⅜ 96	9/81	229	86½	88	−2½	2.28
Marui 6 96	7/81	931	92⅞	94⅜	+0⅛	1.55
Matsushita El. 7½ 95...	11/80	590	83½	85	+0⅛	−0.93
Minolta Camera 5 96 ...	10/81	909	75	76½	0	8.79
Murata 5¾ 96	7/81	2190	85⅛	86⅝	−1⅛	6.86
NKK 6½ 96	7/81	188	95⅛	97⅛	−1⅞	−3.46
Nippon Chemi-C. 5 91...	10/81	919	83½	85½	−0⅛	3.19
Ricoh 6⅜ 95	8/80	604	118⅝	120⅝	−6⅝	−1.14
Sanyo Electric 5 96 ...	10/81	652	82	83½	−3½	8.93
Sumitomo Met. 5¼ 95...	10/81	305	87½	89	−1¼	1.92
Swiss Bk. Cpn. 6¾ 90	9/80	200	76⅛	78¼	+0¼	20.01
Taylor Woodrow 8¾ 90	1/81	4.94	†76	77	−1½	−5.04
Transco Int. 8¾ 95	2/81	68	82⅛	83⅜	+0¼	26.45
Tricorp 8½ 95	12/80	31.25	71½	73	+0½	14.32
Union Bk. Switz. 5 89...	2/80	70.79	†83	85	+0⅛	7.85
Sharp Cpn. 6½ 88 DM...	9/80	591.8	169	170	+1⅛	−1.26
Uny Co. 6½ 85 DM	11/79	879.3	102¼	104¼	+0⅛	3.20

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

American Motors to cut output by 20%

By Ian Hargreaves in New York

AMERICAN MOTORS (AMC), the U.S. motor manufacturer controlled by Renault of France, plans to cut indefinitely by 20 per cent its production of cars and other vehicles at its main plant in Kenosha, Wisconsin.

The cuts, which will mean laying off 500 of the plant's 6,950 hourly paid workers, brings the total of AMC workers on indefinite lay off to 2,400.

The cuts are a direct response to disastrous sales performance of the company during October, when sales for the entire U.S. industry were down 24 per cent on the already poor base of October 1980.

AMC's sales of domestically built cars were down by 21 per cent, although the sales of the company's imported Renaults continue to grow strongly. AMC makes a number of heavier cars, some of which have four-wheel-drive, like the Jeeps the company is best known for. Jeep sales were down by 16 per cent in October. Sales of Renault cars were up by 40 per cent.

The company has recently cut the price of the Renault's Le Car, the Renault 5 in Europe, to under $5,000, which makes it one of the lowest priced cars in the U.S.

Third quarter loss for Continental Air

By Our New York Staff

CONTINENTAL AIRLINES lost $12.24m in the third quarter, compared with a profit of $5.9m for the same period last year. Sales rose from $272m to $305m.

This takes Continental's losses this year to $46.9m on sales of $801.7m, compared with last year's $5.6m loss on sales of $769.6m.

The company said it earned a small operating profit in the third quarter, but was dragged into the red by interest expenses and other non-operating items. Last year the company's losses were kept down by the sale of aircraft.

Sharply higher interest rates on the company's larger long-term obligations more than doubled interest charges to $17.7m in the third quarter from $8.5m last year while fuel costs were more than $10m higher.

ITO proposes reclassification of shares

INTERNATIONAL Thomson Organisation of Toronto, said it will propose reclassification and conversion of all its convertible redeemable preference shares into common shares.

The conversion will be on the basis of one common share for each convertible share, to "rationalise and simplify" the company's share capital.

ITO is not proposing to alter the present arrangements where shareholders have the right to receive dividends either on their shares of ITO paid in U.S. dollars or on their shares of Thomson British Holdings paid in sterling.

Special meetings of the holders of the common shares and convertible shares of ITO will be held on December 7.

The dividend on its common shares will be raised

The dividend payable on January 15, 1982 on common shares would be 10.8512 U.S. cents up from 6.61 cents. The equivalent sterling dividend would be 5.775p.

This would be a 10 per cent increase over the current dividend on convertible shares and 64 per cent over the common.

Reuter

U.S. QUARTERLIES

BLUE BELL

	1980-81 $	1979-80 $
Fourth quarter		
Revenue	394.5m	429.2m
Net profits	13m	21.1m
Net per share	1.03	1.68
Twelve months		
Revenue	1.43bn	1.4bn
Net profits	46.7m	67.9m
Net per share	3.70	5.40

CNA FINANCIAL

	1981 $	1980 $
Third quarter		
Revenue	762m	750.1m
Oper. net profits	25.1m	31.9m
Oper. net per share	0.47	0.61
Nine months		
Revenue	2.32bn	2.2bn
Oper. net profits	83.6m	109.5m
Oper. net per share	1.58	2.12

OVERSEAS SHIPHOLDING

Third quarter	$ 1981	$ 1980
Revenue	82.9m	76.5m
Net profits	22m	22.8m
Net per share	0.85	0.88
Nine months		
Revenue	265.2m	226.5m
Net profits	73.7m	60.7m
Net per share	2.85	2.35

SOUTHERN COMPANY

Nine months		
Revenue	3.35bn	2.83bn
Net profits	258.5m	265.3m
Net per share	1.46	1.77

WALTER E. HELLER

	1981 $	1980 $
Third quarter		
Revenue	238.9m	164.6m
Net profits	10.8m	10.4m
Net per share	0.39	0.67
Nine months		
Revenue	669.2m	549.4m
Net profits	32m	31.6m
Net per share	2.66	2.65

Further legal setback for Mobil's bid for Marathon

BY PAUL BETTS IN NEW YORK

MOBIL OIL suffered another legal setback yesterday in its efforts to takeover Marathon Oil, the country's 17th largest oil company.

A Federal judge said he will wait until November 17 to hear the preliminary injunction in Marathon's anti-trust complaint against Mobil's attempt to buy a controlling $3.2bn interest in it.

The date further stalls Mobil's takeover attempt, although it is expected to fight the timing of the hearing. Mobil is currently barred by a temporary restraining order which expires next Wednesday from pursuing its $85 a share offer for 40m Marathon shares.

Speed is essential to Mobil's latest bid to acquire a major U.S. oil company. But Marathon has delayed the bid by resorting to legal devices.

Marathon has also been discussing a friendly merger with other companies, although Standard Oil of California, which appears to have been approached by Marathon, said it was not interested in acquiring it.

Wall Street continues to give Mobil the edge in the current takeover battle, mainly because few companies are large enough to take on Mobil in a bidding war.

A bidding war would jack up the price for Marathon, making an acquisition less attractive. On the other hand, other major oil companies seeking oil and gas assets could probably buy these more cheaply by keeping out of a Marathon bidding war and going after other takeover targets such as Cities Service.

According to oil industry analysts, the biggest obstacle for Mobil is anti-trust objections. But there are already signs that Mobil could get round these in the longer run.

By playing for time, Marathon's chances of finding either a white knight or devising a defence would improve at the same time as helping the oil company drive up its stock price.

Morgan helps savings banks

BY DAVID LASCELLES IN NEW YORK

MORGAN GUARANTY, the large New York bank, is sharing some of the pain suffered by the hard-pressed U.S. savings and loan industry.

Morgan announced yesterday that it has $70m out in loans to three New York savings banks, including $30m to the Greenwich Savings Bank which has just been rescued from collapse by Federal regulators. The Greenwich, which has deposits of $2bn, was merged into Metropolitan Savings, making the largest savings bank in the city.

One condition of the merger was that Morgan agree to renegotiate the terms of its loan, which is part of the Greenwich's subordinated debt. Morgan said that the interest rate had been cut from ½ per cent over the prime rate to prime minus 5 per cent. But the maximum rate will be 5 per cent for the next five years and 10 per cent thereafter. At the moment, the prime is 17-17½ per cent, which means that Morgan will forgo a big slice of interest.

Repayment on the loan is due to begin in 1986 and end in 1994. Morgan will transfer the loan into the "non-performing" category for accounting purposes, but it said this would not have a material impact on earnings.

Although Morgan declined to identify the other two banks who owe it money, they are reliably understood to be the New York Bank for Savings and the Union Dime Bank.

Morgan, which controls total assets of $52bn, has the biggest exposure of any major U.S. bank to the savings and loan industry. Traditionally a lender and a correspondent bank for the thrift institutions, Morgan made these large loans in the late 1970's in response to a drive by bank regulators to strengthen the thrifts' capital position.

These loans are not covered by the Federal Insurance Plan that protects depositors against bank collapses. So Morgan had little choice but to agree to renegotiate its loan to the Greenwich, or risk precipitating the bank's failure.

Morgan would not comment on the status of its loans to the other two banks. But it said the Greenwich episode had not caused it to alter its lending policies. "We're still in the business of lending to S and L's" he said.

A and P finalises closure plan

BY OUR NEW YORK STAFF

THE Great Atlantic and Pacific Tea Company, (A and P), the U.S. supermarket chain controlled by Tengelmann of West Germany, is putting the finishing touches to a programme of store closures which will put the seal on a sharp change in management strategy.

A and P confirmed that it is preparing to announce closures, but would not confirm reports which put the number at 43.

The stores are said to be mainly in the New York area where A and P is strongest.

The company said it was carefully evaluating all its operations, including food processing and its German-style limited line "Plus" stores, to weed out the unprofitable with the objective of getting the company back into the black next year.

A and P has lost money for the past seven quarters and 18 months ago brought in Mr James Woods as chief executive from the successful Grand Union chain owned by Cavenham of the UK.

A and P plans to finance the substantial write-offs which will stem from the closures by drawing down $200m from its pension fund, which it says is over-subscribed due to the reduction in the company's employment base in recent years.

Political storm over Grupo Alfa rescue

By William Chislett in Mexico City

THE MEXICAN Government's decision to rescue the troubled Grupo Industrial Alfa, the country's largest private sector holding company, with a 17bn pesos ($680m) financial package, has created a major political storm.

The Government is under attack from the Left and the labour sector of the ruling Industrial Revolutionary Party, following agreement on the package between Banobras, the public works bank and Alfa, whose net profits dropped 49.8 per cent in the first half of 1981 to 757.8m pesos ($30.3m).

Alfa, which is struggling under a heavy debt burden incurred during its rapid growth, is sharply trimming its activities.

The package, the largest of its kind granted by Banobras which traditionally only lends to the public sector, is under attack because its terms are preferential at a time when peso credit is extremely tight.

Alfa's critics also contend that the Government should not be using public funds to help bail out a private concern.

Alfa and Banobras, have signed a letter of intent for 12bn pesos of the 17bn pesos. The other 5bn pesos are still the subject of discussions and, if granted, would not be released until the next Government takes office in 1983.

Alfa will receive a 7bn pesos loan with a five-and-a-half year maturity and an interest rate based on the central bank's average monthly weighted cost of funds known as the CPP, plus 10 per cent.

In practice this means that Alfa will pay an interest rate of 40 per cent at the moment. This is somewhat below the market rate, since it does not include compensating balances, which would have raised the cost by several more percentage points.

However, Alfa will pay a deferred fee of 2 per cent in five annual instalments. This loan will be used to establish a financing company to meet the needs of Alfa's distributors and clients.

A further 5bn pesos will be used by Banobras to purchase non-convertible preferential shares with no voting rights in some of Alfa's companies.

Alfa can repurchase these shares at any time during a 10-year period at par.

Swiss Re results hit by casualty, non-life losses

BY JOHN WICKS IN ZURICH

CONSOLIDATED NET profit of the Swiss Reinsurance Group fell last year from SwFr 105m ($58.7m) to SwFr 95m despite a 16.3 per cent rise in net premiums to SwFr 7.55bn ($4.22bn).

Dr Herbert Schoenenberger, general manager, said at a Press conference here that the rise in consolidated premium income was due in part to the strengthening of most foreign currencies against the Swiss franc last year. The 1980 figures also include for the first time premiums of the subsidiaries Tudor Insurance Company, New York, and the Munich-based building society mh Bausparkasse.

The fall in group earnings is the result of a marked deterioration in the casualty and non-life sectors, where the underwriting loss increased from SwFr 56m to SwFr 102m over the year.

This by far offset the SwFr 2m improvement to SwFr 77m in the underwriting profit from life assurance and life re-assurance business.

Investment income of the Swiss Reinsurance group rose, together with other financial earnings, by SwFr 191m to SwFr 592m. These figures however, are not fully comparable due to a change in the accounting period of Swiss Reinsurance Company and European General Reinsurance Company.

The Zurich-based parent company has already announced payment for 1980 of an unchanged SwFr 100 a share dividend, plus a half-dividend of SwFr 10 on participation certificates issued last December. The parent company's net profits had risen from SwFr 69.9m to SwFr 76.2m last year.

With regard to the current year, Swiss Reinsurance reports rising investment income in terms of local currencies and says that no major claims have yet been recorded. Nevertheless, the final results for 1981 will depend largely on the strength of the Swiss franc at the end of the year.

The management also foresees large-scale depreciation on securities in view of rising interest rates. According to Dr Walter Diehl, chairman of the Swiss Reinsurance board, the profitability of the casualty and non-life reinsurance sector remains unsatisfactory, with no signs of a real change in sight.

He also expressed the company's concern at the "large number of insufficiently-informed reinsurers, offering what amounts to a high capacity at inadequate premiums."

Steady growth registered by Bank Leu

By Our Zurich Correspondent

BANK LEU, the smallest of Switzerland's big five commercial banks, reports "satisfactory" results for the first three quarters of the current year.

In calendar 1980 the Zurich-based bank had booked a rise in its net profits of almost 25 per cent to reach a record SwFr 27m ($15m).

For the January-September period of this year, Bank Leu experienced a deterioration in interest earnings due to the fact that the cost of financing mortgage loans "to an increasing extent exceeds the mortgage rate."

The overall satisfactory results, despite this disadvantage, are attributed to a favourable development of earnings from foreign exchange and precious-metal dealings and from commissions.

The bank's balance-sheet total reached almost SwFr 7.3bn by the end of September. This was a rise of 8.9 per cent since mid-year and as much as 17.1 per cent since the end of 1980. This growth was due in part, however, to the introduction of inter-bank metal accounts to the balance-sheet for the first time in the third quarter.

UBS confident of record year despite soaring costs

BY OUR ZURICH CORRESPONDENT

NET PROFITS of Union Bank of Switzerland (UBS) are likely to show a further increase this year. This was stated by Dr Nikolaus Senn, management chairman, at the Bank's autumn Press conference in Zurich.

The bank, Switzerland's largest, had already forecast "good results" for 1981 after last year's record earnings of SwFr334.1m ($187m).

Dr Senn, who was confident that the fourth quarter should continue the satisfactory development of the first nine months, said there had been a noticeable rise in gross profits—earnings before depreciation and provisions — over record 1980 levels despite a marked increase in costs.

However, depreciation requirements had been rising, not least in connection with support programmes for corporate clients. During the 12-month period to the end of this September, the bank wrote off a total sum of SwFr 128m in respect of companies employing a total of over 8,000 people.

The best-known cases of corporate support, involving the writing-off of debt or its conversion into share capital, had been those of the SSIH watch group and the Usego-Trimerco retail undertaking, said Dr Senn.

Herr Hans Heckmann, deputy general manager, forecast that further corporate clients could need aid next year should there be a noticeable weakening in the Swiss economy. These were more likely to be large-scale undertakings than smaller companies.

For next year, he said, the UBS was most worried at the cost of operation. The current high inflation rate was having its effect on the cost of both materials and labour—salaries accounting for about two-thirds of total costs.

The bank's balance-sheet total will be increased by the inclusion of precious-metal accounts at the end of 1981 owing to new regulations. This rise is seen as mounting to "SwFr 8bn ($4.47bn) plus or minus 30 per cent" depending on the development of the gold price.

In the first nine months of this year, the UBS balance sheet total grew by 10 per cent to SwFr 85.4bn, though this was due partly to the rise in the dollar exchange rate. In real terms, growth was of only SwFr 4.7bn instead of the nominal increase of SwFr 7.8bn.

Recession hits German electrical profits

By Stewart Fleming in Frankfurt

ONLY RELATIVELY strong export growth has saved the West German electrical industry from a deeper recession according to ZVEI, the industry trade association, in a report on business conditions over the first three quarters of the year.

Its report coincides with signs that the downturn in the German economy is biting deeper into the profitability of companies in the electrical sector. Earlier this week, Siemens, the largest West German electrical concern, with interests covering telecommunications, computers and electrical machinery, issued a statement denying rumours that its profits had slumped 40 per cent. The Siemens share price, which started the year at DM 269, has been quoted at under DM 210 recently after a sharp fall in the past three months. Siemens said that these rumours were "premature and exaggerated."

The company said that a decision on its dividend would be taken on November 11. In the first nine months of the current year earnings were 20 per cent down.

The background to the pressure on profits in the industry was spelled out by the ZVEI that orders in the first three quarters of the year were, in value terms, up only 1 per cent. The increase reflected a 10 per cent rise in orders from abroad and a 4 per cent decline in domestic orders. Sales were down 3 per cent, but in real terms this is a slight decline. Moreover it was again the export market which helped soften the blow, with export sales up 8 per cent.

Companies operating in the industry point out that because of tough international competition export orders and sales have not been as profitable as domestic orders.

Competitive pressures were evident in price trends for electrical products. Prices, which have risen on average 3 per cent, have not kept abreast of wage and material costs which are up 5 and 3 per cent respectively.

The latest BIS quarterly report shows that the oil states are borrowir as much as they invest. Peter Montagnon reports

Europe, U.S. now supply the fund:

MEMBERS of the Organisation of Petroleum Exporting Countries (Opec), supplied virtually no new money to the international banking system in the second quarter of this year after a net contribution of some $7.5bn in the first three months, according to latest figures from the Bank for International Settlements.

The figures show that Opec members added only $1.6bn to their deposits in the banking system during the second quarter compared with $5.1bn in the first, but they also stepped up their borrowing by a similar amount with demand for new credit largely accounted for by Middle East Opec members.

This left U.S. and European banks as the main suppliers of international liquidity during the period, the BIS said.

U.S. banks contributed a net $7.6bn in new funds to the international banking system during the second quarter. Since the end of March last year, the outflow of funds from the U.S. accounted for in this way has reached $56bn, it added.

European banks were also large net exporters of funds during the period with their net external liabilities falling by some $8.5bn during the second quarter.

Overall the BIS said the volume of international bank lending appeared to contract during the second quarter with total foreign assets falling by $2bn to $1,347bn, while liabilities slipped $7bn to $1,341bn.

These figures are based as usual on reports by banks in the Group of Ten industrialised countries, in Switzerland, Ireland, Austria and Denmark, and by branches of U.S. banks in key offshore centres.

But in their unadjusted form they mask a small increase in the true underlying rate of international bank lending which rose by $5bn to $35bn during the quarter, the BIS revealed.

This is because exchange rate changes in the value of the dollar during the period reduced the dollar value of lending in other currencies and because there was a marked slowdown in interbank business which normally swells the overall total.

Of the $35bn underlying growth in international bank lending some $19bn was accounted for by lending within the reporting area itself compared with $23bn during the first quarter.

Lending to non-oil developing countries rose by contrast to $8.5bn from $4.8bn in the first quarter. Credits to Opec members increased by $1.5bn.

A major feature of the period was a further $1.9bn decline to $3.6bn in Soviet deposits in Western banks. This accounted for almost all the decline of $2.1bn to $9.4bn of Comecon deposits in the West. Borrowing by these countries from the West fell by $1.7bn to $57.2bn.

At the end of June, the BIS said, Western banks had $14.1bn in loans outstanding to Poland compared with $14.7bn three months earlier.

Loans to Romania slipp $5.1bn from $5.4bn, it adde

The figures also show Mexico supplanted Brazil a developing world's la borrower from the internat banking system during second quarter of this yeat

Mexico's gross borrowing to $45bn from $42.7bn d the period. Brazil had loan standing of $43.8bn at th of March but the total had to only $44.1bn at the e June.

Commenting on the fin of non-oil developing cour the BIS said that their credit offtake in the first h this year at $13.4bn wa than in both the first hal second half of last ye $14.8bn and $24.7bn r tively.

INTERNATIONAL BANK LENDING ($bn)

	1980 Quarters First	Second	Third	Fourth	1981 Quarte First	Sec
Total outstanding	1118.4	1206.2	1248.1	1321.9	1348.8	13[illegible]
of which claims on:						
BIS reporting area countries	599.7	645.1	659.1	704.5	717.2	7[illegible]
East Europe	53.3	57.6	58.1	59.8	58.8	[illegible]
OPEC members	59.9	63.2	65.9	70.0	66.3	[illegible]
Non-oil LDCs	156.9	170.7	182.3	193.5	196.3	2[illegible]

Source: Bank for International Settlements. Figures are not adju exchange rate changes and double counting of interbank b

Daiwa to launch U.S. money market func

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

DAIWA SECURITIES, one of Japan's big four securities dealers, is about to launch a New York-based money market fund, an investment fund based on market instruments, in direct competition with the rapidly growing number of domestically-operated U.S. funds.

Daiwa hopes to attract about $100bn worth of investment, initially from the U.S. subsidiaries of Japanese companies but afterwards from U.S. investors as well. Funds will be invested in treasury bills, CDs, commercial paper, etc., and investors will be able to withdraw their money at sight.

The Daiwa fund will be the first of its kind to be launched in the U.S. by a foreign securities company. It will be named D and D Money Market Fund, after Daiwa itself and Dreyfus, the New York-based investment management company, which is to act as fund administrator.

Daiwa began planning its American fund early this year after concluding that Daiwa Securities America, its U.S. subsidiary, would have to become involved in the money market fund business sooner or later if it was to hold its own in the securities industry.

The company spent about three months discussing its plans with the Japanese Ministry of Finance. The ministry's authorisation was not legally required but it is normally asked to give its "blessing" to overseas ventures by Japanese securities companies.

Other Japanese securities firms seem to have been unaware of Daiwa's plans until the application to launch the D and D fund was published by the U.S. Securities and Exchange Commission a few days ago.

Although Daiwa claims that the main reason for launching the New York fund is to create new business for Daiwa America, the company also seems to be interested in acquiring know-how in the management of money market funds which might eventually come in useful in Japan itself. Japanese securities companies are at present restricted to running investment funds based on securities in the Japanese domestic market and have therefore not been able to mount the kind of challenge to the traditional deposit business of banks that is now under way in the U.S.

Some observers feel, however, that liberalisation of the investment fund business is overdue and that money market f based on short-term money ket instruments, may be mitted in Japan within th five years.

The news of Daiwa's A can project coincides w steady build-up of tensio tween Japanese banks securities houses over wh. banks regard as unwarr incursions by securities h into their business.

Securities houses are l debarred from acce deposits, but have duced a series of innov which have brought the i ment trusts into closer co tion with banks. The Minis Finance has recently beg show concern at this tren the securities industry has warned informally not to its advantage too hard.

Painful changes at the naval yards

By Andrew Fisher, Shipping Correspondent

Fundamental and painful changes will take place in Britain's naval dockyards over the next few years, as the country completes the awkward adjustment from the days when it could still afford to be a major world power.

The four Royal dockyards around Britain's coast are still digesting the implications of the Government's recent decision to scale down the size of the fleet and thus the need to service its frigates and submarines.

Since Mr John Nott, the new Defence Secretary, announced his sweeping Defence Review at the end of June, those most affected by the planned run-down — Chatham's yard is to close and Portsmouth's to be reduced — have been lobbying hard to have the coming blow softened.

But by the mid-1980s, the Government is determined that the UK's naval dockyard strength will be reduced by around a third, a far cry from the growing under-capacity highlighted in the latest official study of the Royal Dockyards only a year ago.

At that time, the extensive programme of refits and expensive modernisation of naval vessels meant that a large amount of work was having to be put out to commercial yards, though these are also ultimately part of the State through British Shipbuilders. But the Defence Review marked a basic change in philosophy towards the Royal Navy.

THE RISING COST OF DOCKYARDS

	1975-76	1976-77	1977-78	1978-79	1979-80
Total cost (£m)	207m	255m	308m	339m	404m
Major refits	12	5	11	9	6
Normal refits	66	53	42	37	33
Employees	36,000	35,880	35,350	34,630	34,050

Since Britain cannot afford such a large Navy — present orders for ships and their weapons total over £2bn — Mr Nott said the Government had decided that "a rather smaller but modern fleet with less heavy overheads will give better value for defence resources."

For the dockyards, which cost the country over £400m a year, this will mean more emphasis on submarine work, especially nuclear, and no more major mid-life modernisations of surface ships, each of which can take up as much time and money as a normal refit. Modernising a Leander frigate can cost as much as £70m.

Britain's largest dockyard, Devonport, will benefit from the Government's new cost-cutting approach to defence. Rosyth in Scotland will also be retained, while Gibraltar has a huge question-mark over it. Since the last war, five non-UK dockyards, notably Malta and Singapore, have been closed and one in the UK, Sheerness.

Down at Devonport, where the 80-tonne crane topping the new £85m Submarine Refit Complex towers above the Plymouth skyline, the emphasis is on expansion. The dockyard, dating from the late 17th century and now the largest ship repair organisation in Western Europe, will play the key role in refitting and refuelling nuclear submarines, accompanied on a smaller scale by Rosyth.

This has drawn howls of rage from Chatham, where the dockyard is half the size of Devonport's but which has plenty of experience in refitting nuclear submarines (SSNs). Devonport has yet to complete its first nuclear refit, that of the Swiftsure, which has been in the yard since 1978 with work initially held up for a year by an industrial dispute.

The scale and complexity of a modern dockyard is hard for the visitor to absorb. At Devonport, around 15 major projects at various stages are dealt with at any one time within the 300 acres behind the yard's three-mile waterfront.

Currently, some 60 per cent of the work is on surface ships —the yard also has a modern enclosed frigate facility which houses three vessels at once— with the rest split between submarines and other activities such as stores, machinery and plant repair.

But under the post-Nott regime, it will shift towards a roughly equal division between submarines and surface ships, with the remaining tasks continuing to account for a fifth or so of its capacity. By 1984, when Chatham is due to close after a dockyard history stretching back to Henry VIII, Devonport will have to add 1,600 more men to its 12,000 labour force. Rosyth will also need more workers.

The risks in slimming down dockyard capacity from four yards to two, with Portsmouth reduced to a role as fleet base, are obvious, both in strategic and industrial terms. The House of Commons Defence Committee, which took a searching look at the yards, homed in on this point when Mr Nott's review came halfway through its public hearings in the summer.

"It does depend on Devonport taking the task on and succeeding," said Vice-Admiral Sir William Pillar, Chief of Fleet Support, when giving evidence to the committee. Earlier, he had admitted that "this is a programme not without risk."

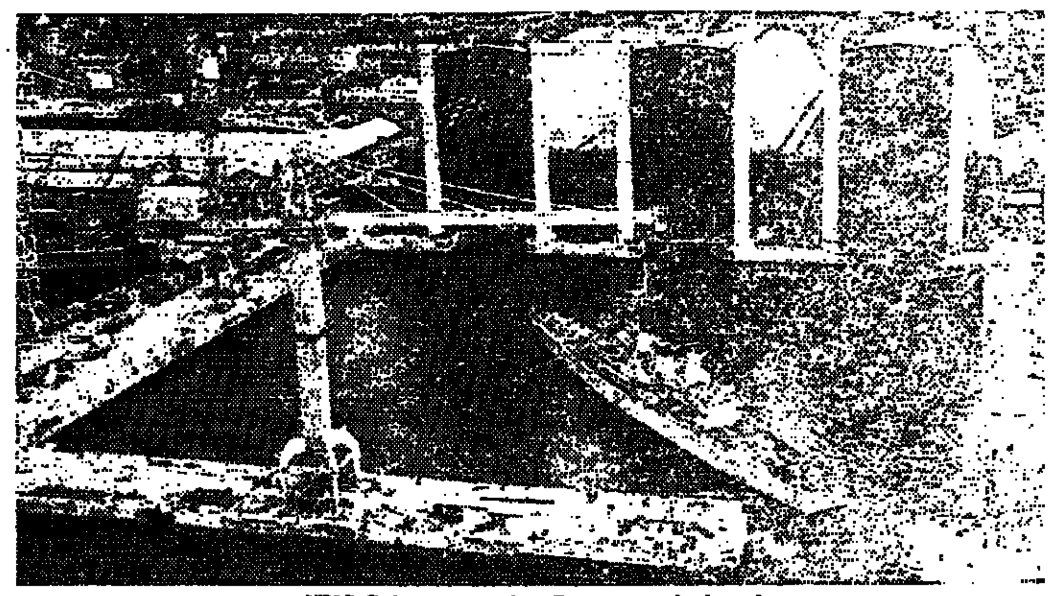
To those closely concerned with dockyards, the decision to cut capacity so sharply came as little of a surprise. Sir John Mallabar, who headed a major investigation into Government industrial establishments just over a decade ago, told the Commons committee that he had considered this quite likely. Sir John said his own committee, which made some important recommendations for the dockyards, had "contemplated the possibility and thought it might prove necessary." Its report in 1970 strongly favoured a trading fund, aimed at putting dockyards on rather more commercial lines and being able to assess their performance.

It now seems unlikely that the trading fund will be implemented, at least other than in very diluted form. This is despite the view expressed in last year's Consultative Document on the Royal Dockyards that a trading fund "should be introduced as soon as possible."

The study was made under the direction of Mr Keith Speed, who resigned a few months ago as Under Secretary of State (Royal Navy) because he disagreed with the planned naval cuts.

It called for radical action, including a competitive pay structure, systematic expansion of work going to commercial yards, and the trading fund. All this would be needed "to resolve the deep-seated causes of the cycle of declining capacity and loss of morale in which the dockyards are at present trapped."

Since then, the Dockyard Efficiency Scheme has been put into effect with the aim of boosting productivity through bonus payments, though this will take some time to prove itself. The first step was to persuade the men to give up their paid 20-minute breakfast breaks in return for an extra £8 a week.



HMS Galatea, entering Devonport dockyard

A trading fund, which would give the dockyards specific targets to work towards and their own loan finance instead of annual votes and appropriations, would work best with some sort of outside yardstick to measure progress. The Royal Ordnance Factories have such a fund, since the Mallabar Committee also recommended one for them.

But the Ministry of Defence points to two drawbacks, one basic to the dockyards' type of operation, the other stemming from the defence review. First, the dockyards are essentially a jobbing operation doing whatever work is needed and having no regular production flow. Secondly, Mr Nott's defence review has meant that outside comparisons of performance will now be virtually impossible.

This is because the emphasis will be more on nuclear submarine refuelling — taking out the spent fuel core and putting in a new one — and refitting, for which the commercial yards are not really equipped. But even without the possibility of outside comparisons of work, Sir John still feels that a trading fund would be justified — "it's only a matter of having a competent estimator."

Over the past 10 years, he believes, the absence of a trading fund has been expensive for the taxpayer. He told the Commons Defence Committee: "I think it has cost money, many tens of millions of pounds, that could have been devoted to weaponry." Asked why he thought the fund had not been brought in, he added: "The impression I formed was that there was a tug-of-war going on between the civilian side and the naval side."

Criticisms of dockyard efficiency are not new. Published figures show that the number of completed refits has fallen sharply as the cost has gone up. A lot of attention has focused on the several layers of management at the yards and the excessive amount of paper work and pre-planning that has developed.

Well aware of this, Vice Admiral Sir William Pillar told the committee: "We are not masters of our own destiny . . . we need to give our managers the authority to match their responsibility." What he meant was that dockyard managers would have to be freed from Civil Service limitations.

C. G. Smith boosts earnings by 40%

By Jim Jones in Johannesburg

C. G. SMITH, the South African holding company which has interests in sugar, packaging and textiles and which is itself controlled by Barlow Rand, boosted group pre-tax profit by 40.4 per cent to R196.2m ($205m) in the year ended September 30 1981, from R139.7m the previous year, on a basis allowing for a change in form.

Turnover rose by 23.2 per cent to R1.25bn from R1.01bn. The group was constituted in its present form during the financial year just ended.

Approximately 56 per cent of the year's taxed attributable profit of R84.26m was derived from the two main subsidiaries, Nampak the packaging group in which C. G. Smith has a 56 per cent stake and Romatex the 59 per cent-owned textiles manufacturer.

A big improvement, however, came in the sugar division which has benefited from much improved growing conditions in the latest season. The group's year-end means that sugar profits are derived from half of two sugar seasons, and the current season is not being affected by the bad drought which played havoc with production in Natal in the previous year.

Capital expenditure on sugar mills was about R40m in the year just ended, and a similar amount is expected by management to be spent in the current year. A total dividend of 115 cents has been declared from earnings of 250 cents a share.

Nippon Oil falls sharply into the red at six months

BY YOKO SHIBATA IN TOKYO

NIPPON OIL, the largest of the Japanese oil companies, suffered a sharp setback in the first half of the financial year, to show an operating loss of Y12.92bn ($56m) compared with the Y75.04bn profit of the six months to September 30 last year.

The swing into the red was attributed to substantially lower demand and a fall in the value of the yen in the foreign exchange market. Nippon Oil losses were, however, restricted by its being one of the companies with access to relatively cheap supplies of Saudi Arabian crude through its trading links with Aramco.

The company expects, however, that a strengthening in the yen will contribute to a recovery in operating profits in the second half to some Y25bn, to bring full year profits to Y12bn, against the Y103.6bn of 1980-81.

A net loss of Y9.62bn is reported for the first half, against the Y36.39bn profit a year earlier, while for the full year net profits are estimated at Y10bn, compared with Y45.7bn in 1980-81. Sales in the first half were down 1.2 per cent to Y1,591bn ($6.9bn), but for the full year sales are expected to be Y3,580bn, up 9.5 per cent.

Oil sales in volume declined by 8.6 per cent to 21.7m kilolitres in the half. In addition, the company could not cover fully sharply increased crude oil costs through higher selling prices, because of slack demand. Exchange losses totalled Y36.8bn, to compare with the previous year's exchange gains of Y44.99bn.

The market for oil products slackened in the first half against a background of sluggish industrial activity and a shift to other energy sources. The sharp depreciation in the yen meant heavy exchange losses on dollar denominated credits raised to finance oil imports. The company also had to bear higher interest rates on its dollar-denominated import usance credits.

In the current half year, ending March 1982, Nippon Oil's high dependency on Aramco oil (accounting for 45 per cent of imports) may, however, work adversely, as result of the October Opec decision to unify crude oil prices. A price rise for Saudi Arabian oil of $2, to $34 a barrel, offers an extra-cost burden of Y3bn.

First half sales setback at Casio

By Our Tokyo Staff

CASIO COMPUTER, Ja[...] largest manufacturer of [...]tronic calculators an[...] pioneer in digital wa[...] saw a setback in turnov[...] the first half of its fiscal [...] although operating an[...] profits showed a rise.

The company said the tur[...] setback resulted from [...] initial impact of a sales [...] change, switching empha[...] high value-added pr[...] away from the past pol[...] mass production and [...]sion.

Operating profits for th[...] months ended Septemb[...] rose by 2.2 per ce[...] Y6.03bn ($25.5m). Net [...] were Y2.89bn, up 14[...] cent. But sales of Y7[...] were down 5.7 per cent [...] the previous year's leve[...]

Per share profits for the [...] year slipped to Y26.[...] 109m issued shares [...] Y28.56 on 88.8m issued [...]

Sales of electronic calcu[...] the company's main [...] representing 50.7 per c[...] total turnover, declin[...] 17.7 per cent. Casio b[...] the setback on heavier [...]petition in a mature m[...] For the same reason, s[...] digital watches were sl[...] up only 2.7 per ce[...] account for 37.1 per c[...] total turnover. In lin[...] its policy switch, Cas[...] greater emphasis on [...] computers, resulting in [...] jump of 45.6 per cent [...] sector, to account for 1[...] cent of total turnover.

Exports declined by 6.8 pe[...] to account for 66.3 pe[...] of total sales.

Brisk sales of computers [...] the earnings setback in [...]lators and digital w[...]

The company revised its [...] calculator production [...] downward to 25m unit[...] the original 30m. [...] watch production is t[...] at 16m units as ori[...] planned. Sales of ele[...] musical instruments a[...]mated to triple to Y10b[...]

Casio has revised its fore[...] the full year ending [...] 1982. Sales are expecte[...] down Y10bn before t[...]vious forecast, at [...] (down 4.5 per cent fr[...] previous year). Ful[...] operating profits ar[...]jected at Y11bn, up [...] cent on the previous ye[...] net profits at Y5bn, up [...] cent.

Slight profit decline at Toncoro

BY OUR JOHANNESBURG CORRESPONDENT

TONGAAT COROGROUP (Toncoro), South Africa's largest brick manufacturer, suffered a small drop in pre-tax profit in the six months ended September 30. Profit slipped to R13.91m ($14.5m)—R5,000 lower than in the corresponding period of 1980—and compared to R28.73m for the year ended March 31, 1981.

Although first-half trading results were below forecast, the company says that corrective measures now being taken are expected to result in an earnings increase for the year.

Factors affecting first-half performance were production losses caused by heavy rains in the Orange Free State and Eastern Cape, delays in the start-up of new plants, and necessary maintenance at older plants.

Production has been steadily increased to cope with demand for bricks which remains at a high level. By the end of the current financial year annual production capacity is expected to reach 2bn bricks.

An interim dividend has been declared from first half earnings of 38.3 cents a share. Last year the interim dividend was 10 cents and first-half earnings 37.4 cents. The year to March 31, 1981, resulted in a total dividend of 30 cents and earnings of 76.1 cents a share. This year Toncoro believes that earnings will total about 80 cents and that the final dividend will be around 22 cents.

Strong gain by Australian finance house

By Our Financial Staff

ESANDA, the Australia and New Zealand Banking Group's wholly-owned finance company, increased net profit by 10.2 per cent to A$33.88m (US$ 38.76m) in the year to September from A$30.73m. The growth, although higher than last year's 8.5 per cent is below the 28.6 per cent increase reported by Australian Guarantee Corporation, Australia's biggest consumer finance company, controlled by the Bank of New South Wales.

Gross revenue rose by 23.3 per cent to A$306m and total expenses rose by 26.4 per cent to A$245m. The interest on borrowings rose by 39.3 per cent to A$191m.

Group net outstandings at balance date, after deducting provisions, were A$1.97bn, 16.7 per cent more.

The directors say that the demand for the company's finance facilities, particularly in the commercial and real estate sectors, appear to be softening. They believe that 1981-82 will see a continued increase in the cost of the company's borrowings.

However, the company says that it has positioned itself to cover higher cost funds. If there are no major adverse changes in economic conditions, the directors expect another satisfactory profit result.

Foreign companies raise direct investment in Japan

BY RICHARD C. HANSON IN TOKYO

FOREIGN CORPORATIONS appear to be increasing their direct investment in Japan this year at a faster rate than a year ago, with the number of new companies established rising.

According to the Finance Ministry, there were a total of 482 cases of direct investment in the April-September fiscal half year, compared with 388 in the comparable six months last year. The value of the investment rose 77.5 per cent to $213m.

The Ministry cautions that the year to year comparisons are somewhat distorted by a change in classifications under a new foreign exchange law introduced last year. But the April-September record period did indicate an increase in the number of more sizeable investments this year.

U.S. companies continue to show the strongest interest in investment in Japan. There were 51 such cases, or 16 from a year ago.

European countries generally maintained the pace of their investment in the country. West West Germany and France had eight each in the half, while the UK accounted for six investment, Switzerland five and Italy three.

CURRENCIES, MONEY and GOLD

Dollar recovers

Dollar recovered strongly in late London currency trading, after European centres had closed for the day, following news from Washington that the U.S. budget deficit for the next financial year could be $98bn, compared with an earlier projection of $43bn. Fears of higher U.S. interest rates pushed up the U.S. currency after falling Eurodollar rates and a cut in Chemical Bank's prime lending rate to 17 per cent from 17½ per cent gave the dollar a softer tone for most of the day.

Sterling was generally firm, finishing higher on the day against Continental currencies, but at the day's low against the improving dollar.

European currencies showed little movement, with the Danish krone the strongest member of the European Monetary System, followed by the French franc. The franc has tended to weaken recently however, on rumours of a movement of capital out of the country.

DOLLAR — trade-weighted index (Bank of England) was unchanged at 107.0. The U.S. currency rose to DM 2.2250 from DM 2.2110 against the D-mark; to FFr 5.61 from FFr 5.5720 against the French franc; to SwFr 1.7950 from SwFr 1.7870 in terms of the Swiss franc; and to Y228.50 from Y227.30 against the Japanese yen.

STERLING — trade-weighted index (Bank of England) rose to 89.0 from 88.8, after opening at 88.9 and remaining at that level at noon. The pound began trading at $1.8750 and fell to $1.8730-1.8740 in the morning, but was around $1.8775 for most of the day, before the news of the prime rate cut pushed it up to the day's peak of $1.8840-$1.8880. The dollar's late rise depressed sterling to $1.8710-$1.8730 at the close, a fall of 60 points from Wednesday, and the lowest level of the day.

D-MARK—Weakest member of the European Monetary System following the last currency realignment, but recovering slightly after trading close to its divergence limit for several weeks. It has also improved in terms of the dollar, following a weaker trend on high U.S. interest rates and fears about a less favourable economic outlook for the Federal Republic. The improvement is largely the result of the recent decline in New York rates, and has been encouraged by regular sales of the U.S. currency by the Bundesbank in fairly quiet Frankfurt trading—The D-mark weakened against the dollar, sterling, and the Japanese yen at the Frankfurt fixing, but gained ground against most members of the EMS. As expected the Bundesbank left its credit policies unchanged at the central council meeting, although the market was slightly nervous of a cut in interest rates early in the morning. The German central bank did not intervene when the dollar rose to DM 2.2130 from DM 2.2070 at the fixing. In the afternoon the U.S. currency was steady at DM 2.2140.

DUTCH GUILDER—Near the *bottom of the EMS, following* its revaluation in line with the D-mark, but showing a firmer *trend against the dollar as the* economic picture has improved, and U.S. interest rates have eased. The present payments surplus has been helped by exports of natural gas at a time of falling imports due to the recession—The guilder showed mixed changes at the Amsterdam fixing, losing ground to the dollar, Swiss franc, and Japanese yen, but improving against the French franc, D-mark and Italian lira. Sterling was fixed unchanged at Fl 4.5720, while the dollar rose to Fl 2.4355 from Fl 2.4320; and the Swiss franc to Fl 1.3648 from Fl 1.3640. The French franc fell to Fl 43.705 per 100 francs from Fl 43.76; and the D-mark to Fl 1.1009 from Fl 1.10165.

THE DOLLAR SPOT AND FORWARD

Nov 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8710-1.8860	1.8710-1.8730	0.25-0.15c pm	1.28	0.37-0.27 pm	0.68
Ireland†	1.5956-1.6010	1.5980-1.6010	0.45-0.33c pm	3.04	1.15-0.90 pm	2.56
Canada	1.1938-1.1960	1.1948-1.1951	0.39-0.42c dis	−4.07	0.86-0.91dis	−2.96
Nethlnd.	2.4290-2.4400	2.4320-2.4370	0.40-0.30c pm	1.73	1.30-1.20 pm	2.06
Belgium	37.20-37.44	37.42-37.44	12-16c dis	−4.52	35-41 dis	−4.09
Denmark	7.1075-7.1675	7.1200-7.1250	0.30-0.05ore pm	0.28	par-½ dis	−0.14
W. Ger.	2.2050-2.2460	2.2245-2.2255	0.68-0.63pf pm	3.53	2.09-2.04 pm	3.71
Portugal	63.90-64.50	64.30-64.50	30-150c dis	−16.81	60-270 dis	−10.27
Spain	94.90-95.20	94.90-95.00	5-15c dis	−1.26	20-35 dis	−1.16
Italy	1.180-1.185	1,181-1,182	6-7 lire dis	−6.60	20-22 dis	−7.11
Norway	5.8500-5.8900	5.8630-5.8680	0.40ore pm-par	0.41	0.90-0.50 pm	0.48
France	5.5800-5.6350	5.6075-5.6125	0.30-0.50c dis	−0.86	2.10-2.50dis	−1.65
Sweden	5.4740-5.4935	5.4775-5.4825	0.75-0.60ore pm	1.48	2.55-2.40 pm	1.80
Japan	227.10-228.70	228.45-228.55	1.55-1.40y pm	7.75	4.35-4.20 pm	7.48
Austria	15.49-15.59	15.58-15.59	5.70-4.20gro pm	3.83	13-9 pm	2.84
Switz.	1.7760-1.7985	1.7945-1.7955	0.75-0.65c pm	4.68	1.97-1.87 pm	4.28

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

Nov 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8710-1.8860	1.8710-1.8730	0.25-0.15c pm	1.28	0.37-0.27 pm	0.68
Canada	2.2360-2.2450	2.2410-2.2430	0.58-0.68c dis	−3.37	1.40-1.60dis	−2.68
Nethlnd.	4.56½-4.59½	4.58½-4.59½	1⅛-⅞c pm	2.94	3⅛-2⅞ pm	2.72
Belgium	69.70-70.10	70.00-70.10	12-22c dis	−2.91	53-63 dis	−3.31
Denmark	13.33-13.39	13.36½-13.38½	2¼-1¼ore pm	1.57	2⅛-⅝ pm	0.41
Ireland	1.1720-1.1800	1.1770-1.1790	0.10-0.24p dis	−1.73	0.43-0.65dis	−1.83
W. Ger.	4.14½-4.17½	4.16-4.17	1⅞-1⅝pf pm	4.68	4⅞-4⅝ pm	4.44
Portugal	119.50-120.50	120.00-120.40	40-275c dis	−15.72	80-490 dis	−9.48
Spain	177.40-178.50	177.55-177.75	15c pm-5 dis	0.34	5-35 dis	−0.45
Italy	2,212-2,227	2,224½-2,226½	8-11 lire dis	−5.12	32-37 dis	−6.20
Norway	10.95-11.01	10.95½-10.97½	1¾-1½ore pm	1.64	4¼-3 pm	1.32
France	10.43-10.54	10.52½-10.53½	¾c pm-¼ dis	0.28	2⅛-3⅛ dis	−1.00
Sweden	10.25-10.31	10.26½-10.27½	2¼-1½ore pm	2.12	6⅝-5⅞ pm	2.43
Japan	425-430	427-428	3.40-3.10y pm	9.12	9.20-8.90 pm	8.47
Austria	28.95-29.20	28.96-29.05	14-9gro pm	4.76	30-20 pm	3.45
Switz.	3.34-3.38	3.35½-3.36½	1¾-1¼c pm	5.36	4¼-3¾ pm	4.76

Belgian rate is for convertible francs. Financial franc 77.40-77.50. Six-month forward dollar 0.40-0.30c pm, 12-month 0.25-0.05c pm

CURRENCY MOVEMENTS

Nov. 5	Bank of England Index	Morgan Guaranty Changes%
Sterling	89.0	−34.8
U.S. dollar	107.0	+1.2
Canadian dollar	87.8	−17.0
Austrian schilling	119.0	+25.0
Belgian franc	107.0	+9.6
Danish kroner	89.7	−8.1
Deutsche mark	124.1	+44.5
Swiss franc	155.0	+104.7
Guilder	115.3	+20.1
French franc	82.4	−13.5
Lira	56.2	−57.4
Yen	139.0	+33.9

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Nov. 3	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.619469	0.587322
U.S. $	13	1.16454	1.10270
Canadian $	18.21	1.39372	1.32147
Austria Sch.	6¾	(u)	17.0598
Belgian F.	13	43.1579	40.9101
Danish K.	11	8.26823	7.83742
D mark	7½	2.57014	2.43696
Guilder	9	2.83216	2.68396
French Fr.	9⅛	6.46902	6.13155
Lira	19	1372.99	1300.08
Yen	6¼	266.330	250.775
Norwgn. Kr.	9	6.80790	6.45975
Spanish Pts.	8	110.398	104.459
Swedish Kr.	11	6.38401	6.04058
Swiss Fr.	6	2.07521	1.96721
Greek Dr'ch.	20½	—	61.4423

OTHER CURRENCIES

Nov. 5	£	$		£ Note Rates
Argentina Peso	11,809-11,829†	6277-6297†	Austria	29.00-29.30
Australia Dollar	1.6370-1.6410	0.8735-0.8740	Belgium	76.90-77.90
Brazil Cruzeiro	215.20-216.20	114.26-114.83	Denmark	13.31-13.46
Finland Markka	8.178-8.193	4.3500-4.3520	France	10.42-10.57
Greek Drachma	103.148-106.506	55.70-55.90	Germany	4.13½-4.17½
Hong Kong Dollar	10.67-10.69	5.6630-5.6680	Italy	2185-2290
Iran Rial	148.00*	79.25*	Japan	427-432
Kuwait Dinar (KD)	0.525-0.531	0.2813-0.2815	Netherlands	4.55-4.60
Luxembourg Fr.	70.00-70.10	37.42-37.44	Norway	10.94-11.06
Malaysia Dollar	4.2925-4.3025	2.2815-2.2835	Portugal	118½-129
New Zealand Dlr.	2.2645-2.2685	1.2070-1.2080	Spain	174½-186½
Saudi Arab. Riyal	6.38-6.44	3.4170-3.4190	Sweden	10.26-10.36
Singapore Dollar	3.9175-3.9275	2.0815-2.0835	Switzerland	3.33½-3.37½
Sth. African Rand	1.7905-1.7925	0.9565-0.9575	United States	1.87-1.89
U.A.E. Dirham	6.86-6.92	3.6715-3.6745	Yugoslavia	81-86

† Rate given for Argentina is the commercial rate. The financial rate for sterling is 17,380-17,400 and for the dollar 9,225-9,275.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU November 5	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7572	40.9815	+0.55	+0.34	±1.5368
Danish Krone	7.91117	7.84085	−0.89	−1.10	±1.6412
German D-Mark	2.40989	2.43636	+1.10	+0.89	±1.1077
French Franc	6.17443	6.14173	−0.53	−0.74	±1.3733
Dutch Guilder	2.66382	2.68302	+0.72	+0.51	±1.5063
Irish Punt	0.684452	0.688969	+0.66	+0.45	±1.6688
Italian Lira	1300.67	1299.76	−0.07	−0.07	±4.1229

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Sterling/ECU rate for November 5 .... 0.585973

EXCHANGE CROSS RATES

Nov. 5	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.872	4.165	427.5	10.53	3.360	4.590	2226.	2.242	70.05
U.S. Dollar	0.534	1.	2.225	228.5	5.625	1.795	2.452	1189.	1.198	37.42
Deutschemark	0.240	0.449	1.	102.6	2.528	0.807	1.102	534.3	0.538	16.82
Japanese Yen 1,000	2.339	4.379	9.743	1000.	24.63	7.860	10.74	5206.	5.244	163.9
French Franc 10	0.950	1.778	3.955	406.0	10.	3.191	4.359	2113.	2.129	66.52
Swiss Franc	0.298	0.557	1.240	127.2	3.134	1.	1.366	662.4	0.667	20.85
Dutch Guilder	0.218	0.408	0.907	93.14	2.294	0.732	1.	484.9	0.488	15.26
Italian Lira 1,000	0.449	0.841	1.871	192.1	4.732	1.510	2.062	1000.	1.007	31.48
Canadian Dollar	0.446	0.835	1.858	190.7	4.697	1.499	2.047	992.6	1.	31.24
Belgian Franc 100	1.428	2.672	5.946	610.3	15.03	4.797	6.552	3177.	3.201	100

FT LONDON INTERBANK FIXING (11.00 a.m. NOVEMBER 5)

3 months U.S. dollars		6 months U.S. dollars	
bid 14 3/4	offer 14 7/8	bid 14 15/16	offer 15 1/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Nov. 5	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	15½-15¾	14⅜-14⅝	17-18	12⅝-12¾	6¾-7¼	10⅞-11⅛	15-15½	16½-18½	14-16	6⅛-6⅜
7 days' notice	15¾-16	14½-14¾	17-18	12⅝-12¾	6¾-7¼	10⅞-11⅛	15-15½	18¼-20¼	14½-16	6⅜-6⅝
Month	[illegible]	14⅝-14⅞	17⅞-18⅛	12⅞-12⅞	9⅝-9¾	10⅞-11⅛	15-15½	20¼-21¼	18-19	[illegible]
Three months	[illegible]	14⅝-14⅞	17⅞-18⅛	12½-12⅝	10⅜-10½	10⅞-11⅛	16-16¼	21¾-22	18½-19¼	[illegible]
Six months	15⅝-15⅞	14⅞-15⅛	17⅞-18⅛	12¾-13⅛	10-10⅛	10¾-10⅞	17⅜-17⅝	21¾-22½	18⅝-18⅞	[illegible]
One Year	15⅛-15⅜	15-15¼	17⅞-18¼	12-12½	9⅜-9½	10⅝-10¾	17⅞-18⅛	21⅞-23⅛	17½-17¾	7⅛-7⅜

SDR linked deposits: one-month 12¹⁵⁄₁₆-13⁵⁄₁₆ per cent; three months 13⁷⁄₁₆-13⁹⁄₁₆ per cent; six months 13⅝-13¾ per cent; one-year 13⁷⁄₁₆-13¹³⁄₁₆ per cent.

ECU linked deposits one month 14³⁄₁₆-14⁹⁄₁₆ per cent; three months 14½-14⅞ per cent; six months 14¹¹⁄₁₆-15¹⁄₁₆ per cent; one year 14⁹⁄₁₆-14¹⁵⁄₁₆ per cent.

Asian $ (closing rates in Singapore): one month 14⅝-14¾ per cent; three months 14¹³⁄₁₆-14¹⁵⁄₁₆ per cent; six months 15-15⅛ per cent; one year 15³⁄₁₆-15⁵⁄₁₆ per cent. Long-term Eurodollar two years 15½-15¾ per cent; three years 15¾-16 per cent; four years 15⅞-16⅛ per cent; five years 15⅞-16⅛ per cent; nominal closing rates

The following nominal rates were quoted for London dollar certificates of deposit: one month 14.35-14.45 per cent; three months 14.35-14.45 per cent; six months 14.45-14.55 per cent, one year 14.70-14.80.

MONEY MARKETS

London rates ease

London clearing bank base lending rates 15½ per cent (since October 15)

Interest rates continued to fall in London yesterday, reflecting further cuts in U.S. prime rates and a quarter point fall in Euro-dollar rates. Three-month interbank money was quoted at 15⁹⁄₁₆ per cent compared with 15¹³⁄₁₆ per cent while buying rates on three-month eligible bank bills slipped below 15 per cent to 14⅞ per cent, from 15⅛ per cent. Short-term rates were also down, since funds were in good supply during the afternoon after the Bank of England had given assistance to the market. One week money was little changed at 15⅝ per cent while overnight money opened at 15½-15⅝ per cent and eased to 15-15½ per cent around noon. During the afternoon rates slipped to 7 per cent before finishing at 10 per cent.

The Bank of England gave an early forecast of a shortage of around £50m. Factors affecting the market included bills maturing in official hands and a net take up of Treasury bills −£175m, offset by a fall in the note circulation +£85m and Exchequer transactions +£30m. There was no assistance given by the Bank during the morning and at 2 pm the forecast was revised to a shortage of £100m. The Bank then gave help totalling £116m. This comprised purchases of £46m of eligible bank bills in Band 1 (up to 14 days) at 15¹⁄₁₆-15⅛ per cent and £70m of eligible bank bills in band 2 (15-33 days) at 15¼ per cent.

Discount houses were paying up to 15½ per cent for secured call loans but those taking funds later in the day paid as little as 8 per cent.

In New York Chemical Bank became the first U.S. bank to cut its prime rate to 17 per cent from 17½ per cent. Federal funds were easier at 14⅞ per cent down from 15¼ per cent.

In Amsterdam the Central Bank injected liquidity into the money market through D-mark purchases estimated at DM 500m over two days.

MONEY RATES

NEW YORK	
Prime rate	17-17½
Fed. funds	14⅝-14¾
Treasury bills (13-week)	12.20
Treasury bills (26-week)	12.54
GERMANY	
Special Lombard	11.0
Overnight rate	11.0
One month	11.10
Three months	11.475
Six months	11.40
FRANCE	
Intervention rate	15.25
Overnight rate	15.625
One month	15.25
Three months	15.25
Six months	15.4375
JAPAN	
Discount rate	5.25
Call (unconditional)	7.0
Bill discount (three-month)	7.40625

GOLD

Slight fall

Gold fell $2 in the London bullion market to close at $428½-430. Trading was quiet, with the metal opening at $430-431, the highest level of the day, and touching a low of $427½-428½. It was fixed at $428.90 in the morning, and $428.50 in the afternoon.

In Paris the 12½ kilo gold bar was fixed at FFr 79,000 per kilo ($441.02 per ounce) in the afternoon, compared with FFr 79,000 ($440.41) in the morning, and FFr 79,000 ($442.33) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 30,650 per kilo ($430.99 per ounce), against DM 30,740 ($433.04) previously, and closed at $428-429, compared with $431-432.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $429.50 per ounce, compared with $430.50.

In Zurich gold finished at $427-430, against $430-433.

	Nov. 5		Nov. 4	
Gold Bullion (fine ounce)				
Close	$428½-430	(£228-229)	$430½-432	(£229-230½)
Opening	$430-431	(£229¼-229¾)	$431-432	(£230-232½)
Morning fixing	$428.90	(£229.272)	$431	(£229.255)
Afternoon fixing	$428.50	(£228.010)	$431.25	(£229.510)
Gold Coins				
Krugerrand	$442-445	(£236¼-236¾)	$444-445	(£236½-237)
1/2 Krugerrand	$231-232	(£125½-124)	$232-233	(£123½-124)
1/4 Krugerrand	$117-118	(£62½-63)	$118-119	(£62¼-63¼)
1/10 Krugerrand	$49-50	(£26¼-26¾)	$48¼-49½	(£25¾-26¼)
Mapleleaf	$443-444	(£236¼-237¾)	$445-446	(£237-237½)
New Sovereigns	$105-105½	(£56-56½)	$105-105½	(£56-56½)
King Sovereigns	$112-114	(£59½-60½)	$114-116	(£60¾-61¾)
Victoria Sovs	$112-114	(£59½-60½)	$114-116	(£60¾-61¾)
French 20s	$98-108	(£52½-57¾)	$100-110	(£53¼-58¾)
50 pesos Mexico	$532-535	(£284¼-285¾)	$535-538	(£284¾-286½)
100 Cor. Austria	$415-418	(£221¾-223¼)	$417-420	(£222-225½)
$20 Eagles	$561-565	(£299¾-302½)	$568-573	(£302½-305)

LONDON MONEY RATES

Nov. 5 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	7-15⅝	15⅛-15¾	—	—	15½	8-15¼	—	—	—
2 days notice	—	—	15⅛-15¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	15⅝-15⅞	15⅝-15⅞	—	—	15⅝-15⅝	15-15¼	—	—	—
One month	15⅝-15⅞	15⅝-15⅞	15⅞	16⅛-15⅞	15¾	16-16⅛	15¼	15¼-15⅜	15⅛-15⅜	16¼
Two months	15½-15⅝	15⅝-15¾	—	16⅛-15⅞	15⅝	16	15¼	15¼	15⅛-15¼	16
Three months	15⁷⁄₁₆-15⅝	15⅝-15¾	15¾	15⅞-15⅝	15⅝	16	14¾	14⅞-15	14⅞	15½
Six months	15⅝-15⅞	15⅝-15⅞	15½	14¾-14½	15½	16	—	—	14½-14¾	15½
Nine months	15-15	15¼-15½	—	15⅜-15	15⅜	15⅞	—	—	—	—
One year	15⅛-14⅞	15¼-15⅝	15⅜	15¼-15	15⅜	15¼	—	—	—	—
Two years	—	—	15⅜	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 15¾ per cent; four years 15⅞ per cent; five years 15⅞ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14¾-14²³⁄₃₂ per cent; four-month trade bills 15½ per cent.

Approximate selling rate for one-month Treasury bills 15⅛ per cent; two months 15-15⅛ per cent; three months 14²³⁄₃₂-14⅞ per cent. Approximate selling rate for one-month bank bills 15⅜-15¹¹⁄₃₂ per cent; two months 15¼ per cent; and three months 14¹³⁄₁₆ per cent, one month trade bills 16 per cent; two months 15¾ per cent; three months 15½ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 15 per cent from November 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 15½ per cent. Treasury Bills: Average tender rate of discount 15.0619 per cent.

APPOINTMENTS

Promotions at Royal Bank of Scotland

At the ROYAL BANK OF SCOTLAND Mr Robert M. Maiden, chief accountant, has been appointed general manager (financial control). Mr Joseph Collin, previously manager, St Andrews, South Street, who was attached to head office, international division, has been appointed manager, Hong Kong branch, and senior representative, South East Asia representative office, in succession to Mr Fergus S. M. Thomson.

★

Mr Hamish Gray, Minister of State for Energy, has appointed Mr Kenneth Carlisle to be his Parliamentary Private Secretary.

★

THE CHASE MANHATTAN BANK has appointed Mr Dennis M. Goggin, vice-president, manager UK institutional banking, to be assistant general manager of its branch in London.

★

Mr Derek Morris has been appointed chairman of the MORRIS VULCAN group of companies following the retirement of Mr Charles Cooper. Mr Laurence Field, previously joint managing director, becomes group managing director, and Mr David Gower, sales director of Triang Toys and Morris Vulcan (Sales), has been appointed to the main board as group sales director.

★

Mr David A. Lovesey has been appointed commercial director of LONDON ELECTRICITY BOARD. He succeeds Mr A. W. Nicol who was recently appointed deputy chairman of South Eastern Electricity Board.

★

Mr Peter Lisle and Mr Lawrence Sanders have been appointed as part-time members of the BRITISH WATERWAYS BOARD for two years.

★

STROUD RILEY DRUMMOND GROUP has appointed Mr Ernest E. Taylor as an associate director (finance). Following the purchase by the company of J. Haywood and Sons from Tootal, the following are appointed to Haywood's board: Mr Stefan M. Simmonds (Group chief executive), Mr Richard M. Stroud (Group managing director), Mr Brian S. Levi (Group sales director), Mr Ernest E. Taylor (financial director).

★

The Trade Secretary has reappointed Dr Denis Rebbeck as chairman of the PILOTAGE COMMISSION for two years from November 7. He is a former managing director and chairman of Harland and Wolff, and a Belfast Harbour Commissioner.

★

Mr P. L. Tose, Mr A. E. Woodward, Mr R. S. B. Cassidy, Mr R. M. Cathery, Mr P. G. R. Lyon and Mr B. C. Richardson have become directors of stockbrokers VICKERS DA COSTA.

★

Mr J. R. Haig has been appointed a non-executive director of EQUITY CAPITAL FOR INDUSTRY in place of Mr A. W. P. Stenham who has resigned.

★

Mr Richard Styer, previously divisional director—sales, has been appointed a full board member, and Mr Michael Perkins has been appointed divisional director—accounting, at COLT CAR COMPANY, Cirencester.

★

Mr Peter Rice has been appointed director of the Polymer Engineering Directorate of the SCIENCE AND ENGINEERING RESEARCH COUNCIL. He joined the directorate as assistant director in 1976 from the plastics company Harcostar where he was technical director. He has been acting director since October 1980.

★

Mr G. R. Menzies, who joined the Fenner Group as director—special projects on January 1 1980, has been appointed to the board of J. H. FENNER AND CO. (POWER TRANSMISSION).

★

GAFFNEY, CLINE AND ASSOCIATES, energy advisers, have formed a mining division of which Dr Jim M. Edmond has been appointed head.

★

Mr Ian Woogar has been appointed a main board director of GRANDFIELD RORK COLLINS AND PARTNERS. He was previously a director of Wasey Campbell-Ewald, a subsidiary of the Interpublic Group.

★

PULLEN PUMPS, Croydon, has appointed Mr Alan J. Snow as group financial controller.

★

OCS DRAINFLOW, drain and sewer cleaning division of the Office Cleaning Services Group, has appointed Mr Aidan Starkey as director. He was previously national accounts manager for Rentokil.

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS FUNDS

Adig Investment
Postfach 708, 8000 Munich 1, Telex 524269
Adirenta ... DM18.93 19.50 +0.05 —
Adiverba ... DM49.15 51.61 +0.20 —
Fondak ... DM27.77 29.16 +0.16 —
Fondis ... DM22.80 23.94 +0.05 —

Albany Fund Management Limited
P.O. Box 73, St. Helier, Jersey. 0534 73933
Albany $ Fd. (CI) ... US$167.39 169.73 ... 1.13
Next dealing Nov. 13.

Alexander Fund
37, rue Notre-Dame, Luxembourg.
Alexander Fund ... US$13.50 ... —
Net asset value Oct. 26

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741
AHR Dollar Inc. Fd. ... US$10.17 10.18 ... 14.75
AHR Gilt Edg. Fd. ... £10.55 10.49 −0.36 4.10

Alliance International Dollar Reserves
c/o Bank of Bermuda, Hamilton, Bermuda.
Adv: ACMI, 62/63 Queen St., EC4. 01 248 8881
Distribution Oct. 29-Nov. 3. (0.002276) (14.8% pa)

Arbuthnot Securities (C.I.) Ltd. (a)(c)(h)
P.O. Box 284, St. Helier, Jersey. 0534 76077
Dollar Income Tst. ... US$0.970 1.009 +0.1 15.86
East Intl. & Energy ... 134.7 146.8 +0.6 0.85
Gov't Secs. Tst. (CI) ... 65.9 68.5 +0.5 16.06
Daily Dealings—yields based on forecasts.
Sterling Fd. ... 131.7 131.8 ... 0.38
Dealing on Wed.

B.I.A. Bond Investments AG
10, Baarerstrasse CH6301, Zug, Switzerland
Bearer Sfd. (Oct. 20) 9,880 10,400 ...

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.
Wldinvest Income ... US$109.13 108.54 ... 2.68
Prices at Oct. 28. Next sub. day Nov. 4.

Barbican Managers (Jersey) Ltd.
P.O. Box 63, St. Helier, Jersey 0534 74806
Barb. Int. Fund ... 112.1 119.7 ... 2.00

Barclays Unicorn International
1, Charing Cross, St. Helier, Jersey. 0534 73741
Uniglt Trust ... 36.9 38.3 ... 15.20
Unidollar Trust ... US$13.27 13.95 +0.69 2.00
Unibond Trust ... US$84.38 85.25 +1.74 11.50
1, Thomas St., Douglas, Isle of Man. 0624 4856
Unicorn Aust. Ext. ... 67.8 73.0 +0.7 1.40
Do. Aust. Min. ... 64.4 69.3 +2.1 1.40
Do. Grtr. Pacific ... 129.0 138.6 +2.3 —
Do. Intl. Income ... 28.2 30.4 +0.6 10.50
Do. Isle of Man Tst. ... 36.6 39.4 ... 12.20
Do. Manx Mutual ... 52.4 56.4 +1.2 1.60

Bishopsgate Commodity Ser. Ltd.
P.O. Box 42, Douglas, I.o.M. 0624-23911
ARMAC* Nov 2 ... $52.66 55.99 ... —
COUNT* Nov 2 ... £3.065 3.251 ... 1.61
CANRHO** Nov 2 ... £1.393 1.477 ... —
MAPSA* ... $9.90 10.50 ... —
Original issue *$10 and **£1. Next val. Dec. 7.

Bridge Management Ltd.
GPO Box 590, Hong Kong
N'bashi Oct 31 ... Y26,221 ... —
Nippon Fd. Oct. 28 ... US$21.92 22.90 ... 1.18

Britannia Intl. Investment Mngmt. Ltd.
Box 271, Queensway House, Queen Street, St. Helier, Jersey C.I. 0534 73114
U.S. Dollar Denominated Funds:
Am. Smaller Cos. Fd. ... $1.675 1.801 ... —
Gold Fund* ... 0.881 0.947 +0.01 —
Universal Grwth Fund ... $1.018 1.095 ... —
Dollar Income Fd ... $0.778 0.808 ... 15.05
Sterling Denominated Fds.
American Investments ... 50.3 54.1 ... 7.40
Australian Perf. Fd. ... 109.2 117.4 ... —
Far East Fund ... 110.8 119.1 ... 1.00
High Interest £ Trust ... 73.4 76.9 ... 15.70
Jersey Energy Tst ... 20.8 22.4 ... 1.50
Jersey Gilt* ... 17.2 17.6 ... 15.82
U.K. Growth Fund ... 36.5 39.2 ... 4.60
USM Fund ... 86.3 92.8 −0.2 —
Sterling Deposit Funds
Managed Cmmcy. Fd.* ... £11.79 ... 12.80
Capital Dep. Trust** ... £13.06 13.07 ... 0.25
Schlesinger
Intl. Fd. (Lux.)* ... US$14.20 ... —
*Daily Dealing—Other Funds Weekly Mondays.
**Tuesday Weekly-Capital Return 14.75%.

Brown Shipley Tst. Co. (Jersey) Ltd.
P.O. Box 583, St. Helier, Jersey. 0534 74777
Stlg. Bd. Fd. (h) ... 8.46 8.50 +0.03 15.38
Sterling Cap. Fd. (J.C.) ... £13.32 13.35 ... 15.70

Butterfield Management Co. Ltd.
P.O. Box 195, Hamilton, Bermuda.
Buttress Equity ... US$4.48 4.76 ... 1.21
Buttress Income ... 2.11 2.22 ... 10.50
Prices at Oct. 5. Next sub. day Nov. 2.

CAL Investments (IoM) Ltd.
16, St. Georges St., Douglas, IOM. 0624 25031
CAL Cmdty. & Crncy. ... 1.179 1.242 ... —
Next valuation day Nov. 16.

Capelrex S.A.
P.O. Box 178, 1211 Geneva 12, 010 4122 466288
Fonselex ... SF131.90 142.55 ... 2.50
Bondselex ... 103.30 108.55 +3.55 —

Capital Asset Managers Ltd.
Bermuda Hse. St. Julians Ave, St. Peter Port, Guernsey C.I. 0481 26268
The Currency Trust ... 110.0 117.0 ... —

Capital International Fund S.A.
43 Boulevard Royal, Luxembourg
Capital Int. Fund ... US$25.34 ... —

Central Assets Management Ltd.
Channel Hse., St. Helier, Jersey. 0534-73673
Central Assets ... £202.26 202.32 +0.15 —

Charterhouse Japhet
1 Paternoster Row, EC4 01-248 3999
Emperor Fund* ... $8.07 8.47 ... —
Hispano ... $40.66 42.71 ... 6.72
*Prices at Oct. 31. Next sub. day Dec. 1.

Chawton Commodities (Isle of Man) Ltd.
29, Athol Street, Douglas, I.o.M. 0624 21724
Normandy Metal Trust ... 1.3750 1.4477 ... 4.00
Normandy Com. Tst. ... 1.3460 1.4168 ... 4.00

For Clive Investments (Jersey) see Invicta Investment Management

Cornhill Ins. (Guernsey) Ltd.
P.O. Box 157, St. Peter Port, Guernsey
Intnl. Man. Fd. ... 219.5 239.0 ... —

Cortexa International
10a, Boulevard Royal, Luxembourg.
Cortexa Intnl. ... US$95.83 — +2.23 —

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) ... 83.2 83.3 ... 16.21
Valued weekly Wednesday.

DWS Deutsche Ges. F. Wertpapiersp
Gruneburgweg 113, 6000 Frankfurt
Investa ... DM30.51 32.05 +0.25 —

Delta Group
P.O. Box 3012, Nassau, Bahamas
Delt. Inv. Oct. 27 ... US$3.63 3.81 ... —
London Agents: Kleinwort Benson. Tel: 01-623 8000

Deutscher Investment-Trust
Postfach 2685 Biebergasse 6-10 6000 Frankfurt
Concentra ... DM17.23 17.66 +0.09 —
Int. Rentenfonds ... DM59.55 61.04 ... —

Dreyfus Intercontinental Inv. Fd.
P.O. Box N3712, Nassau, Bahamas.
NAV Nov 4 ... US$29.71 31.61 +0.78 ...

Duncan Lawrie Inv. Mgt. (Jersey)
15-17, New St., St. Helier, Jersey 0534 73637
DL Sterling ... 37.4 39.3 ... 7.20
DL International ... $1.17 1.24 ... 5.80

Emson & Dudley Tst. Mgt. Jrsy. Ltd.
P.O. Box 73, St. Helier, Jersey. 0534 73933
E.D.I.C.T. ... 132.0 144.3 ... —

The English Association
4 Fore Street, EC2. 01-588 7081
E.A. Income Fd.* ... 61.1 65.0 ... 7.69
E.A. Sterling* ... £71.32 71.35 ... —
E.A. Equity* ... £61.25 65.31 ... 1.92
Wardgate Cm. Fd.** ... £16.28 16.95 ... 2.95
*Next dealing Nov. 11. **Next dealing Nov. 30.

Eurobond Holdings N.V.
Pietermaai 15, Willemstad, Curacao.
London Agents: Intel 15 Christopher St., EC2
Tel: 01-377 1040. Telex 8814408.
Euro Hldgs ... US$20.36 20.80 ... 9.50

S.G. Europe Obligations S.A.
9, Avenue de la Liberte, Luxembourg
London Agent: FFS, Salisbury Hse, London Wall EC2M 5TA. Tel. 01-920 0776 Telex 887281
Europe-Obligations ... US$45.07 +0.68 1.82

Eurotax Investments Ltd.
1, Athol St., Douglas, Isle of Man.
UK Agents FIS, St. Albans. 0727 33166
Eurotax Inv. Fund ... 95.00 100.00 ... —

F & C Mgmt. Ltd. Inv. Advisers
1, Laurence Pountney Hill, EC4. 01-623 4680
F&C Atlantic Fd. SA ... US$10.50 ... 1.43
F. & C. Oriental Fd. ... US$19.53 ... 0.51
Prices October 28. Weekly dealings.

Fidelity International Ltd.
P.O. Box 670, Hamilton, Bermuda.
8, Queensway Hse., Queen St., St. Helier, Jersey, C.I. 0534 71696
American Assets ... US$38.71 +0.04 1.29
Am. Vals. Com. Pf. 53* ... $102.75 ... 3.00
American Vals. Com.* ... 59.59 ... —
Dollar Savings Trust ... US$86.01 +0.06 16.14
Far East ... US$30.57 +0.96 —
International ... US$39.09 ... 0.59
Pacific ... US$100.13 ... 0.26
World ... US$21.82 +0.53 —
Gilt Fund ... 20.3 20.5 +0.2 15.24
*Prices at August 31.

First Viking Commodity Trusts
10-12 St. George's St., Douglas, IoM. 0624 25015
Fst. Vik. Cm. Tst. ... 24.0 25.3 +0.1 5.20

Fleming Japan Fund S.A.
37, rue Notre-Dame, Luxembourg
Fleming Oct. 27 ... 60.32 ... 4.70

Frankfurt Trust Investment—GmbH
Wiesenau 1, D-6000 Frankfurt
FT-Interzins ... DM39.52 43.19 +0.1 —
Frankft. Effekt. Fd. ... DM56.05 59.00 +0.13 —

Free World Fund Ltd.
Butterfield Bldg., Hamilton, Bermuda.
NAV Sept. 30 ... US$144.82 ... —

G. T. Management (U.K.) Ltd.
Park Hse., 16 Finsbury Circus, London EC2
Tel: 01-628 8131. TLX: 886100
London Agents for:
Anchor 'B' Units ... US$1.59 1.64 ... 1.49
Anchor Gilt Edge ... £7.98 8.03 +0.01 15.82
Anchor Int. Fd. ... US$8.10 8.32 +0.42 1.44
Anchor In. Jsy. Tst. ... 47.1 50.3 ... 1.49
Berry Pac Fd. ... US$63.56 +3.41 0.87
Berry Pac Strlg ... 54.15 4.3368 +0.109 0.92
G.T. Asia Fd. ... HK$20.26 +0.35 1.21
G.T. Asia Sterling ... £28.88 29.54 −0.10 1.69
G.T. Australia Fd. ... A$28.73 ... 1.22
G.T. Bond Fund ... US$10.78 +0.10 10.77
G.T. Dollar Fd. ... US$12.57 +0.47 1.19
G.T. Dir. (Strlg.) Fd. ... £15.13 15.76 ... 1.27
G.T. Invest. Fd. ... US$16.97 +0.07 0.59
G.T. Japan Small Co. ... US$15.00 ... —
G.T. Technology Fd. ... US$29.20 ... —
G.T. Pacific Fd. ... US$16.03 +0.16 0.22
G.T. Asean Growth Fd. ... US$9.93 ... 0.50

Gartmore Invest. Ltd. Ldn. Agts.
2, St. Mary Axe, London, EC3. 01-283 3531
Gartmore Fund Managers (C.I.) Ltd. (a) (h)
41, Broad St., St. Helier, Jersey. 0534-73741
Gilt Fund (Jersey) ... 74.0 78.0 ... 14.80
Gartmore Fund Managers (Far East) Ltd. (a)(h)
1503 Hutchison Hse., 10 Harcourt Rd., H. Kong
Australian Tst. ... US$6.538 7.007 ... —
HK & Pac. U. Tst. ... HK$7.182 7.660 ... 2.60
Japan Fd. ... US$22.428 24.003 ... 0.60
N. American Tst. ... US$22.727 24.402 ... 1.00
Intl. Bond Fund ... US$9.586 10.100 ... 9.60
Gartmore Fund Managers (IOM) (a)
P.O. Box 32 Douglas, Isle of Man Tel. 0624 23911
Gartmore Intl. Inc. ... 20.2 21.5 +0.5 15.60
Gartmore Intl. Grth. ... 145.8 155.1 ... 0.60

Assicurazioni GENERALI S.p.A.
P.O. Box 132, St. Peter Port, Guernsey, C.I.
Sterling Managed Fd. ... £113.50 ... —
Dollar Mngd. Fnd ... US$100.75 ... —

Granville Management Limited
P.O. Box 73, St. Helier, Jersey. 0534 73933
Granville Inv. Tst. ... £6.48 6.84 ... 5.48
Next dealing day Nov. 16

Guinness Mahon Fd. Mgrs. (Guernsey)
PO Box 188, St. Peter Port, Guernsey. 0481 23506.
Intl. Fund ... $19.91 20.45 ... 11.20
Prices at Oct. 29. Next dealing Nov. 12.

Hambro Pacific Fund Mgmt. Ltd.
2110, Connaught Centre, Hong Kong
Far East Nov. 5 ... HK$24.21 25.97 ... —
Japan Fund Nov. 2 ... US$9.67 10.48 ... —

Hambros Fd. Mgrs. (C.I.) Ltd.
P.O. Box 86, Guernsey. 0481-26521
†Capital Reserve Fd. ... 13.80 13.81 ... 0.24
C.I. Fund ... 195.5 208.2 ... 3.48
Special Sits. Fund ... 74.5 78.3 ... 3.38
Trans. Nat. Trust ... $1.011 1.065 ... 2.82
Intnl. Bond ... US$99.42 104.65 ... 9.98
Int. Equity ... US$15.73 16.56 ... 1.62
Int. Svgs. 'A' $US ... 12.7 1.33 ... —
Int. Svgs. 'B' ... 168 177 ... —
Prices on Nov. 4. Next dealing Nov. 11.
†Excludes initial charge on small orders.

Henderson Admin. (Guernsey) Ltd.
7 New St., St. Peter Port, Guernsey 0481 26541/2
American (US cents) ... 129.5 136.3 ... —

Henderson Baring Group
801, Gloucester, 11, Pedder, Hong Kong
Japan Tech. Sov. 2 ... US$17.92 19.15 ... —
Japan Fd. *Nov 4 ... US$28.67 30.63 +1.31 —
Malay Sing. Nov. 3 ... US$17.82 19.19 ... —
Pacific Fd. *Nov 4 ... 14.313 15.028 +0.66 —
Bond Fd.* Oct. 29 ... US$10.063 10.550 ... 10.00
PO Box 71, 7 New St., Peter Port, Guernsey, CI.
Gilt Fd.† ... £8.29 8.37 ... 14.25
*Inclusive of Preliminary charge. †Weekly dealings.

Hill-Samuel & Co. (Guernsey) Ltd.
8 LeFebvre St., St. Peter Port, Guernsey, C.I.
Guernsey Tst. ... 193.5 207.0 +1.9 3.29

Hill Samuel Investment Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 76029
HS Channel Is. Fd. ... 138.7 148.5 ... 3.50
H.S. Fxd. Int. Fd. ... 84.0 88.0 ... 14.00
H.S. Intnl. Gth. Fnd. ... 115.9 122.8 ... —
Box 2622, Berne, Switzerland. Telex 33425.
H.S. Overseas Fd. ... US$23.13 24.06 +0.06 —
CSF Fd. (Acc.) ... US$17.57 17.95 −0.11 —
Crossbow Fd. ... SF5.83 5.92 −0.02 —
ITF Fd. (Acc.) ... US$13.31 13.57 +0.04 —

I.C. Trust Managers Ltd.
10, St. Georges St., Douglas, IoM 0624 25015
Int. Commodities Tst. ... 95.7 101.8 −7.9 —
Next dealing day Dec. 2.

IGF Management Services Inc.,
c/o Registrars, P.O. Box 1044, Cayman Is., BWI.
Internl. Gold Fund ... US$104.48 109.70 ... —

N.V. Interbeheer
P.O. Box 526, Delft, Holland
Esmeralda (Offer Pce) ... DFL71.01 +0.48 2.53

International Bond Trust
2, Boulevard Royal, Luxembourg
NAV Nov. 4 ... US$9.90 9.90 ... —

International Pacific Inv. Mgmt. Ltd.
P.O. Box R237, 56, Pitt St., Sydney, Aust.
Javelin Equity Tst. ... A$3.54 3.64 ... 6.00

Investment Advisors, Inc.
First International Plaza, Houston Texas.
Finomic Invest. Fd. ... — 4.01 ... —
UK Agents: James Finlay Tel: 041-204 1321 or Sternberg Thomas Clarke Tel: 01-247 8461.

Invicta Investment Management
1 Charing Cross, St. Helier, Jersey. 0534 73741.
Gilt Growth Fund* ... 29.38 9.82 ... 3.05
Gilt Income Fund ... 7.58 7.94 ... 16.12
Next Dealing Nov. 12.

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong
J. F. Japan Tst. ... Y2,548 — ... 0.50
Do. (Accum.) ... Y2,564 — ... —
J.F. Japan Small Co. ... Y11,901 — ... 11,570
J.F. Japan Technology ... Y10,070 — ... —
J.F. Eastern Tst. ... HK$308.10 — ... 1.00
Do. (Accum.) ... HK$810.20 — ... —
J. F. Pac. Secs. (Inc.) ... US$4.74 — ... 0.50
Do. (Accum.) ... US$4.95 — ... —
J.F. Intnl. Tst. ... US$4.08 — ... 0.30
Do. (Accum.) ... US$4.09 — ... —
J. F. S.E.A. ... US$35.77 — ... 1.70
Do. (Accum) ... US$36.34 — ... —
J.F. Phil. ... US$9.15 — ... 4.30
J.F. Cur. & Bd. Fd. (Inc.) ... US$11.11 — ... 7.40
Do. (Accum.) ... US$12.81 — ... —
Japan & Pacific CnvTst ... US$18.94 — ... 5.0
Australia Tst. ... US$7.68 — ... —
NAV Oct. 31.
London Agents: Robt. Fleming & Co. Tel: 01-283 2400

Leopold Joseph & Sons (Guernsey)
Hirzel Ct., St. Peter Port, Guernsey. 0481-26648.
L.J. Sterling Fund ... £13.89 13.90 ... —
For Kemp-Gee see Scrimgeour Kemp-Gee.
For Keyser Ullman see Central Assets Management.

King & Shaxson Mngrs.
1, Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Grnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856
Gilt Fund (Jersey) ... 6.74 6.78 ... 15.25
Gilt Trust (I.o.M.) ... 77.1 79.1 ... 15.25
Gilt Fnd. Guernsey ... 7.17 7.22 ... 15.25
Intl. Govt. Secs. Tst.
First Sterling ... £15.39 15.46 ... —
First Intl. ... $196.47 197.27 +8.81 —

Kleinwort Benson Group
20, Fenchurch St., EC3. 01-623 8000
Guernsey Inc. ... 86.2 95.1 ... 6.14
Do. Accum. ... 121.2 133.6 ... 6.14
K.B. Eurobond Fd. ... £9.95 10.08 ... 9.46
K.B. Far East Fd. ... US$21.93 ... 1.94
K.B. Gilt Fund ... £8.69 8.74 ... 15.09
K.B. Int. Bd. Fd. Inc. ... US$6.66 ... 11.52
K.B. Int. Bd. Fd. Acc. ... US$108.93 ... 11.52
K.B. Intl. Fund ... US$16.84 +0.76 2.38
K.B. Japan Fund ... US$44.61 −3.10 0.78
K.B. Sterl. Asset Fd. ... £13.070 13.080 ... —
K.B. U.S. Gwth. Fd. ... US$22.30 ... 2.37
Signet Bermuda ... US$7.15 ... 2.25
Transatlantic Fd. ... US$61.23 ... 1.95

Kredietbank N.V. (Belgium)
Arenbergstraat 7, B-1000 Brussels
Eurinvest NAV ... Flux1,046 ... —

Lazard Brothers & Co. (Jersey) Ltd.
P.O. Box 108, St. Helier, Jersey, C.I. 0534 37361
Laz. Bros. Int. Cap. ... US$10.42 11.09 ... 1.00
Laz. Bros. Int. Inc. ... US$1062.61 1067.58 ... 15.00

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Helier, Jersey. 0534 27561
Lloyds Tst. O'seas ... 86.2 91.7 +2.5 1.32
Next dealing date Nov 12
Lloyds Trust Gilt ... £8.18 8.19 ... 15.07
Next dealing Nov. 11.

Lloyds Bank International, Geneva
P.O. Box 438, 1211 Geneve 11 (Switzerland)
Lloyds Int. Growth ... SF629.63 670.50 ... 0.60
Lloyds Intl. Income ... SF261.50 271.50 ... 6.60

M & G Group
Three Quays, Tower Hill EC3R 6BQ. 01-626 4588
Atlantic Ex. Nov. 3 ... US$6.09 6.48 ... —
Austral. Ex. Oct. 28 ... US$5.13 5.41 ... —
Gold Ex. Oct. 28 ... US$34.71 36.93 ... 9.38
Accum. Units ... US$48.57 51.99 ... 9.38
Island ... 155.8 165.1 ... 4.75
(Accum Units) ... 249.4 264.4 ... 4.75

Management International Ltd.
Bk. of Bermuda Bldg., Bermuda. 809-295-4000
Bda. Intl. Bd. Fd. Cap. ... US$11.92 ... —
Bda. Intl. Bd. Fd. Inc. ... US$10.11 ... 12.00
Prices on Oct. 23. Next dealing Oct. 30.

Midland Bank Tst. Corp. (Jersey) Ltd.
28-34, Hill St., St. Helier, Jersey. 0534 36281
Mid. Drayton Gilt ... 84.0 84.4 ... 14.22
Mid. Drayton Int. Bond. ... US$1.04 1.05 ... 9.52

Samuel Montagu Ldn. Agents
114, Old Broad St., EC2. 01-588 6464
Apollo Fd. Oct 28 ... SF58.25 63.24 ... 2.20
Japfest Oct. 31 ... HK$25.3 25.22 ... 0.25
117 Group Nov 2 ... US$11.64 14.69 +0.68 1.50
117 Jersey Oct. 28 ... £7.63 8.33 ... —
Jersey O's Oct. 7 ... £6.09 6.41 ... 1.71
Stlng. Res. Nov 3 ... £11.13 11.14 +0.06 —

Minerals, Oils Res. Shrs. Fd. Inc.
P.O. Box 194, St. Helier, Jersey. 0534 27441
MORES Oct 29 ... US$9.55 10.07 +0.13 —

Murray, Johnstone (Inv. Adviser)
163, Hope St., Glasgow, C2. 041-221 5521
Hope St. Oct. 31 ... US$46.95 ... —
Murray Fd. Oct. 31 ... US$20.21 ... —
Pacific Fd. Sept. 30 ... US$4.56 ... —

Nat. Westminster Jersey Fd. Mgrs. Ltd.
45 La Motte St., St. Helier, Jersey 0534 36241
High Income Fund ... 40.8 42.0 ... 14.29
Equity Fund ... 60.5 63.0 +1.0 3.03
International Bond* ... 52.4 54.0 ... 10.00
*Sub. day every Thurs.

Negit S.A.
10a Boulevard Royal, Luxembourg
NAV Oct. 16 ... US$9.12 — ... —

N.E.L. International Ltd.
P.O. Box 119, St. Peter Port, Guernsey, C.I.
Sterling Deposit ... 57.2 60.2 ... —
Sterling Fixed Interest ... 51.8 54.5 ... —
Sterling Managed ... 50.6 55.0 ... —
Intl. Fixed Interest ... 66.1 71.9 ... —
Intnl. Managed ... 58.1 63.2 ... —

Pacific Basin Fund
10a Boulevard Royal, Luxembourg.
NAV ... US$18.04 +0.35 —
Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Phoenix International
PO Box 77, St. Peter Port, Guern. 0481 26741
Inter-Dollar Fund ... US$2.97 3.21 ... —
Far East Fund ... US$2.69 2.91 ... —
Intl. Currency Fund ... US$1.83 1.95 ... —
Dollar Fxd. Int. Fund ... 2.47 2.67 ... —
Ster. Exempt Gilt Fd. ... £1.35 1.46 ... —

Providence Capitol Life Ass. (C.I.)
PO Box 121, St Peter Port, Guernsey 0481 26726/9
Sterling Bond Fd. ... 44.3 46.5 ... —
Sterling Equity Fd. ... 70.5 74.1 ... —
Intnl. Bond Fd. ... US$1.02 1.07 ... —
Intnl. Equity Fd. ... US$1.21 1.27 ... —
Prices at Nov. 4. Next dealing Nov 11.

Quest Fund Man. (Jersey) Ltd.
P.O. Box 194, St. Helier, Jersey. 0534 27441.
Quest Stlg. Fxd. Int. ... £0.687 0.727 ... 13.76
Quest Intl. Secs. ... $1.025 1.103 ... 1.18
Quest Intl. Bd. ... US$0.791 0.838 ... 11.93
Quest Sterling Fund ... — — ... —
Prices on Nov. 4. Next dealing Nov. 11.

Quilter/Heinold Commodities
31-45, Gresham Street, EC2V 7LH. 01-600 4177
Resource Fund Intl. Nov. 2. NAV US$1370.56.
Next dealing date Dec. 1

RBC Investment Managers Limited
PO Box 246, St. Peter Port, Guernsey. 0481-23021.
Intl. Income Fd. ... US$8.46 9.00 ... 11.30
Intl. Capital Fd. ... US$9.80 10.55 ... —
North America Fd. ... US$4.62 5.09 +0.09 —

Raminco Managers Ltd.
P.O. Bx. 1549, Hmltn, Bermuda. (809-29) 2-7979
RAMINCO Nov 2 ... $8.54 8.80 ... —

Richmond Life Ass. Ltd.
4 Hill Street, Douglas, I.O.M. 0624 23914
The Silver Trust ... 190.5 200.5 −1.4 —
Do. Diamond Bd. ... 101.9 107.2 ... —
Sterling Deposit Bd. ... 137.98 145.24 ... 12.99
Atlas Gilt & Curr. Fd. ... 95.5 100.6 ... —
UK Gilt Fund ... 107.7 113.3 +0.3 —
Sapphire Trust ... 138.7 145.9 ... —
Petroman Oil Trust ... 129.3 136.1 ... —
Managed Fund ... 125.7 132.2 ... —
Coin Trust ... 86.3 90.9 ... —

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26331
O.C. America Fd.† ... US$2.38 2.53 ... 0.52
OCSm. Co.*** ... 109.6 116.5 ... 2.68
O.C. Commodity* ... 89.2 94.5 ... 7.61
O.C. Dir. Comdty.† ... $39.62 42.14 ... 2.28
O.C. Hong Kg. Fd.†† ... HK$38.07 40.49 ... —
O.C. Sterling Fd.** ... £14.434 +0.005 —
**O.C. International Reserves Limited
Bel. Francs (Fin.) ... 707.55 | Italian Lira ... 26,295
Canadian $ ... 30.028 | Singapore $ ... 56.385
D-Mark ... 44.850 | £ Sterling ... 11.811
Dutch Guilder ... 45.020 | Swiss Francs ... 42.885
FRENCH FRANCS ... 109.800 | U.S.$ ... 24.170
*Prices on Oct. 29. Next dealing Nov. 13.
†Prices on Oct. 21. Next dealing Nov. 9.
**Daily dealings. ***Nov. 16. ††Dealings every Wednesday.

Save & Prosper International
Dealing to
P.O. Box 73, St. Helier, Jersey 0534 73933
Fixed Interest Funds
Deutschmark Bd.*† ... DM8.81 9.30 ... 5.91
Dlr. Fxd. Int.**† ... US$7.52 7.99 ... 3.39
St. Fixed***† ... 91.9 97.3 −5.4 14.39
Yen Bond**† ... Y1183 1246 ... 3.13
Equity Funds
Channel Capital† ... 87.1 91.7 +0.3 2.89
Internatl. Gr.*† ... US$10.54 11.40 ... —
Far Eastern*† ... US$17.01 18.39 ... —
North American*† ... US$6.64 7.38 ... —
Sepro*† ... US$17.12 18.51 ... —
Trust Channel Is.† ... 78.1 82.5 +0.6 6.43
Commodity Funds
Commodity***† ... 110.5 116.6 ... —
Deposit Funds
St. Deposit***† ... 144.8 145.0 ... 0.17
Prices on *Nov. 2. **Nov. 4. ***Oct. 30.
***Nov. 5. †Weekly dealings. ‡Daily dealings.

Schroder Life Group
Enterprise House, Portsmouth. 0705 27733
International Funds
£Equity ... 132.1 140.5 ... —
$Equity ... US$2.158 2.295 ... —
£Fixed Interest ... 176.0 187.2 ... —
$Fixed Interest ... US$1.310 1.393 ... —
£Managed ... 160.3 170.5 ... —
$Managed ... US$1.758 1.861 ... —

Schroder Mngt. Services (Jersey) Ltd.
P.O. Box 195, St. Helier, Jersey. 0534 27561
Sterling Money Fd. ... £11.5110 11.5112 ... —
Next subscription day Nov. 11.

J. Henry Schroder Wagg & Co. Ltd.
120, Cheapside, EC2. 01-588 4000.
Am. Inv. Tst. Oct. 28 ... US$18.02 ... 1.94
Asian Fund Oct. 12 ... US$22.26 23.23 ... 2.91
Cheapside Nov 4 ... US$18.61 +0.16 2.15
Darling Fd. Nov 5 ... A$2.84 3.02 −0.01 5.60
Japan Fund Oct. 29 ... US$9.72 10.43 ... 0.86
Trafalgar Fd. Sept. 30 ... US$223.02 ... —

Scrimgeour Kemp-Gee Mngmt., Jersey
1, Charing Cross St. Helier, Jersey. 0534 73741.
SKG Capital Fund ... 147.3 151.9 +2.5 —
SKG Income Fund ... 45.6 47.1 −2.1 10.88
Gilt Bond ... £102.7 108.2 ... —

Sentry Assurance International Ltd.
P.O. Box 1776, Hamilton 5, Bermuda.
Managed Fund ... US$4.1784 4.5962 ... —

Singer & Friedlander Ldn. Agents.
20, Cannon St., EC4. 01-248 9646
Dekafonds ... DM22.53 23.72 ... 6.75
Tokyo Tst. Oct 30 ... US$44.75 ... 2.12

Strategic Metal Trust Mngrs. Ltd.
3 Hill Street, Douglas, IOM 0624 23914
Strategic Metal Tr. ... US$0.966 0.990 ... —

Stronghold Management Limited
P.O. Box 315, St. Helier, Jersey. 0534-71460
Commodity Trust ... 133.29 140.30 ... —

Surinvest (Jersey) Ltd. (x)
Queens Hse., Don Rd., St. Helier, Jsy. 0534 27349
American Ind Tst. ... £5.55 5.66 ... —
Copper Trust ... £13.08 13.38 −0.01 —
Jap. Index Tst. ... £8.12 8.28 +0.03 —

TSB Trust Funds (C.I.)
10 Wharf St., St. Helier, Jersey (CI). 0534 73494
TSB Gilt Fund Ltd. ... 81.0 83.0 ... 15.66
TSB Gilt Fd. (Jsy.) Ltd. ... 81.0 83.0 ... 15.66
TSB Jersey Fund ... 56.2 59.2 ... 5.74
TSB Guernsey Fund ... 56.2 59.2 ... 5.74
Prices on Nov. 4. Next sub day Nov. 11.

Tokyo Pacific Holdings N.V.
Intimis Management Co. N.V., Curacao.
NAV per share Nov. 2. US$84.22.

Tokyo Pacific Hldgs. (Seaboard) N.V.
Intimis Management Co. N.V., Curacao.
NAV per share Nov. 2. US$61.46.

Tyndall Group
2 New St., St. Helier, Jersey. 0534 37331/3
TOFSL Nov. 5 ... £11.85 12.70 +0.15 1.57
(Accum. shares) ... £20.66 22.05 +0.35 1.57
American Oct. 29 ... 149.4 159.2 −2.6 1.85
(Accum. shares) ... 164.2 174.8 −2.8 1.85
Far Eastern Nov. 5 ... 145.6 154.0 +7.2 1.04
(Accum. shares) ... 152.2 163.0 +7.4 1.04
Jersey Fund Nov. 5 ... 118.0 126.4 −1.2 9.14
(Non-J. Acc. Uts.) ... 228.2 244.2 +7.2 9.14
Gilt Fd. Nov. 5 ... 89.8 91.6 +2.4 13.27
(Accum. Shares) ... 170.6 173.8 +4.8 13.27
30, Athol St., Douglas, Isle of Man. 0624 24111
High Inc. Gilt Nov. 5 ... 87.6 89.4 +2.4 16.60
(Accum Shares) ... 114.4 116.8 +3.2 16.60

Unico Invest. Fd. Mngt. Co., S.A. Lux.
London & Continental Bankers Ltd.
2, Throgmorton Ave., London. 01-638 6111
Unico Invest. Fund ... DM55.22 54.90 −0.4 —

Union-Investment-Gesellschaft mbH
Postfach 16767, D 6000 Frankfurt 16.
Unifonds ... DM16.30 17.20 +0.20 —
Unirak ... DM37.02 39.40 +0.10 —
Unirenta ... DM35.23 36.30 ... —

Vanbrugh Fund Mngmt. Intl. Ltd.
28-34 Hill St., St. Helier, Jersey 0534 36281
Vanbrugh Currency Fd. ... 107.7 108.0 ... 9.69

van Cutsem & Associates Ltd.
42, Essex Street, London, WC2 01-353 6846
PanAmer. O's. Fd. ... US$6.29 ... —

S. G. Warburg & Co. Ltd.
30, Gresham Street, EC2. 01-600 4555
Energy Id. Nov. 4 ... US$35.19 −0.09 —
Merc. Eurbd. Nov. 4 ... US$12.44 12.60 +0.24 6.90
Merc. Mny. Nov. 2 ... £14.60 14.63 ... —
Select Rk. Oct. 20 ... US$12.53 12.98 ... —

Warburg Invest. Mngt. Jrsy. Ltd.
7 Library Place, St. Helier, Jsy. CI 0534 37217
Merc. Cmn. Nov. 3 ... £14.87 15.25 ... 3.67
Merc. Far E. TL Nov. 4 ... 14.14 14.50 +0.49 1.31
Metal Tst. Oct. 15 ... £11.55 11.87 ... —
SMT Ltd. Oct. 29 ... £12.29 12.61 ... 2.95
Merc. Tran. Oct. 30 ... £14.27 14.63 ... 3.49

Wardley Investment Services Ltd.,
4th Floor, Hutchison House, Hong Kong
Wardley Trust ... HK$27.29 28.79 ... 3.14
Wardley Nikko As. Fd. ... US$38.76 40.27 ... 2.19
Wardley Bond Trust ... US$9.42 9.60 ... 9.17
Wardley Japan Trust ... US$16.89 17.39 ... 1.27

World Wide Growth Management◊
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd ... US$13.30 +0.28 —
Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Wren Commodity Management Ltd.
10, St. George's St., Douglas IoM 0624 25015
Wren Commod. Tst. ... 43.7 44.2 −0.5 —
Chinese Fund ... 97.7 101.7 −2.4 —
Precious Metal Fund ... 143.4 149.1 −6.4 —
Vanguard Cmdy. Fd. ... 48.0 49.2 +0.3 —

NOTES

Prices are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

THE PROPERTY MARKET

BY MICHAEL CASSELL

Lyon grabs 'Green Giant'

THE RETURN of Ronald Lyon to the centre of the UK property scene must now be complete with yesterday's news that he has managed not only to assemble a 12-acre riverside development site on the south bank of the Thames but apparently to short-circuit the planning treadmill that has proved too much for some of his competitors.

In a move worthy of Ronnie Lyon in "the good old days," before his private property empire collapsed around him, he has assembled—with the help of his Kuwaiti backers and Edward Erdman—a site which represents one of the greatest development challenges left in London.

Lyon and his colleagues have, since early 1980, owned the so-called Effra site on the south west corner of Vauxhall Bridge and have been planning a mixed development on the six acres of land which the Government was forced to sell off.

On the south east corner of the Bridge, however, European Ferries have meanwhile struggled to contend with a situation in which their plans for a variety of mixed schemes have been batted backwards and forwards until Mr Keith Wickenden and his fellow directors could clearly take no more. The group currently has a third planning application in for a 240,000 sq ft office scheme (the first plan was for 370,000 sq ft) but with the spectre of the Greater London Council emerging as the latest in a line of opponents to the plans, a sale to Mr Lyon clearly seemed the best way out.

According to Mr Wickenden: "We have granted Mr Lyon a six-month option on acquiring the freehold of the site and I hope he does. We have built 200,000 sq ft office schemes in the United States in the time it takes to get an answer to planning applications in the UK and we have decided to call it a day on this one. I wish Mr Lyon the very best of luck."

The Arunbridge move was no doubt partially inspired by the remarks made last July by Mr Michael Heseltine, Secretary for the Environment, who, in turning down the original Euro-Ferries plan, said that the "Green Giant" and "Effra" sites should be the subject of a unified approach to development.

Not content with assembling that particular package, however Mr Lyon has also managed to acquire the Nine Elms cold store land to the west of the Effra site.

As for the planning obstacles which lie ahead, the involvement of Mr Heseltine should in theory remove most of the hurdles. The intention to lay a special development order before Parliament—which sets aside the normal planning procedures and has in the past been used in the case of new towns—should help ensure that once the final design emerges from the superbly-named "open, two-stage promoter-choice architectural competition," the mixed scheme can take shape.

There will be those who will not believe it until they see it but Mr Lyon at least seems to be off to a flying start.

Rates bill rockets

A COMBINATION of relatively low rental growth and the imposition by a growing number of local authorities of supplementary rate demands has finally created a situation in which growing numbers of office occupiers can expect to pay half as much again in rates as they do in rent.

Agents Debenham Tewson and Chinnocks have drawn up a table which shows that rates now form an average 51 per cent of open market rents, the first time that the ratio has exceeded the 50 per cent mark. In some locations, rates may represent no more than 30 per cent of rental payment although in some high-spending boroughs the ratio has breached 80 per cent.

They point out, however, that despite the chorus of objections to the growing rates burden, the additional outlay represented by supplementary demands form only a small proportion — 4 per cent in the City to an average 2 per cent in the provinces — of total occupation costs.

Small proportion it may be but the fact remains that, as Debenham Tewson and Chinnocks show, rates on average represented something around 20 per cent of market rents back in 1973. Now they have breached the 50 per cent level and are still climbing although the Queen's Speech holds out some hope that the worst (for ratepayers, if not Mr Heseltine) might soon be over.

Planning gain offer beats GLC ban

CENTRAL and City Properties has achieved a major planning coup in persuading the Greater London Council to grant outline planning permission for a 153,000 sq ft office scheme on the eastern fringes of the City.

Previously, the Labour-controlled GLC has set its face against new office development in this part of London, where the council believes that priority should be given to industrial development and community schemes.

The new development will front on to Alie Street and will involve the construction of two new office blocks of 80,000 sq ft and 40,000 sq ft as well as the retention and substantial refurbishment of two listed buildings at 17 and 19 Alie Street.

Given the large amount of new office space already approved for this part of London, it had been thought unlikely that the GLC would give consent for further schemes, particularly given its strong views on speculative office development. However, both Conservative and Labour members supported Central and City's planning application.

The key to the council's decision is the planning gain being offered by the developers, who have offered to provide £220,000 towards the building of a new "Half Moon Theatre" in Mile End Road in London's East End.

A further £40,000 is to be provided to maintain the existing theatre in Mile End while the new 400 seat auditorium is being built.

The Half Moon describes itself as a "socialist theatre" and has strong links with the Labour movement at Tower Hamlets council, which supported the Central and City proposals. The Half Moon also operates its original theatre at Half Moon Passage and 23 to 27 Alie Street. This is now planned to close and will form part of the new office development.

The scheme, which is likely to cost £15m at current prices, is to be developed jointly by Central and City and Western Heritable Investment Company. Central and City owns part of the site in its own right, the rest is jointly owned by the property company and Western Heritable. The relevant land holdings have taken eight years to assemble.

Mr David King, joint managing director and partner at Central and City strongly defends the practice of providing planning gains in pursuit of planning applications. He believes that in this way both developer and community benefit. Certainly without the offer of moneys for the Half Moon Theatre it is highly debatable whether Mr King's office scheme would have passed the first hurdle of outline planning permission.

Andrew Taylor

Possfund pays £15m

THE POST OFFICE Staff Superannuation Fund has paid £15m for the Sauchiehall Street Centre, the Glasgow shopping complex. Current income from the air conditioned development is about £543,000 a year with rent reviews taking effect in 1982-86.

The vendors were Scottish Amicable Life Assurance Society, who were represented by Jones Lang Wootton. Bernard Thorpe advised the Post Office.

● Norwich Union has started work on a £4m reconstruction and refurbishment scheme at Finsbury Square House, Finsbury Square, City. St Quintin are sole letting agents for 54,000 sq ft of newly created floorspace.

● Dencora Securities, the Beccles based industrial developer, has been selected by Cambridge City Council to develop 110,000 sq ft of industrial and warehouse space on a six acre site at Cherry Hinton, adjacent to Cambridge station. The site is owned by the council which has agreed to grant a 125-year lease to Dencora which will be seeking planning permission to develop industrial units from 1,800 sq ft to 3,110 sq ft. Drivers Jonas advised Dencora.

● Ciba-Geigy Pension Trust has purchased two freehold shop properties in High Street, Canterbury, for £1.15m. Debenham Tewson and Chinnocks sold the properties on behalf of Mobil Trustee Company while Edward Erdman acted for Ciba-Geigy.

Restrictions keep small units empty

HUNDREDS of nursery units developed throughout the country over the last 18 months in response to government improvements in industrial buildings allowances are now standing empty—not because of the recession but because many interested tenants are prevented from taking space by outdated user restrictions.

That, at least, is the view of Tony Grant of Grant and Partners, who says that urgent changes to the IBA rules are needed if the scheme—devised to stimulate industry by creating tax incentives for developers and investors—is not to collapse.

Mr Grant says he takes no comfort from the fact that his earlier predictions of "forests" of empty nursery units in the wake of 100 per cent allowances have become a reality. Units of 2,500 sq ft or below built under the IBA scheme are not letting well in any of the main UK regions, he says and vacancies are high even for a period of recession.

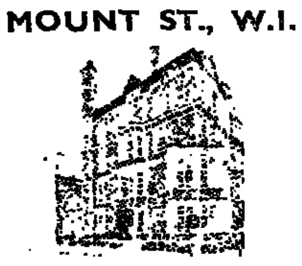
According to Mr Grant, developers and investors have already become totally disenchanted with an option which such a short time ago appeared to promise so much. But, he emphasises, the irony is that the inability to let new nursery units does not in most cases arise from lack of market demand—a theory which others may well like to challenge—but simply that the majority of occupiers wishing to take space do not conform to the criteria set out in the 1968 Capit[al] Allowances Act, which sets [th]e ground rules for IBA quali[fi]cations. In essence, these d[ic]tate that an occupier must [be] involved in, or closely alli[ed] to, manufacturing activi[ty] rather than in the service [sec]tor.

Over to Mr Grant: "[An] absurd legislative anomaly [has] arisen in that buildings erect[ed] as a direct consequence of G[ov]ernment incentives are standi[ng] empty at a time when new a[nd] existing firms would be willi[ng] to take the space and cre[ate] jobs, if they were allowed to [do] so."

Grant and Partners supp[ort] their theory by listing no few[er] than 42 prospective tenants w[ho] are "interested" in taking sp[ace] on one industrial estate [in] Altrincham, Manchester, [...] who have been turned aw[ay] because of the user restrictio[ns].

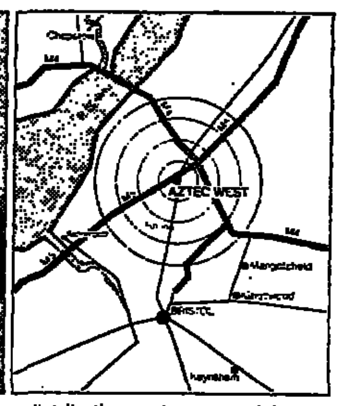
The answer to what [...] agents describe as "an abs[urd] legislative anomaly" is the [ex]tention of IBA qualification [to] all buildings capable of gene[rat]ing employment on indust[rial] trading estates.

The depth of the recess[ion] and its impact [on] demand [for] industrial floor space may [well] be no more than a matter [of] unfortunate timing for [the] hordes of IBA investors, bu[t it] is difficult to escape the con[clu]sion that a little more thou[ght] about who, precisely, would [be] able to take up the space t[hey] were so keen to create m[ight] have cooled their enthusi[asm] just a little bit sooner.



AZTEC WEST





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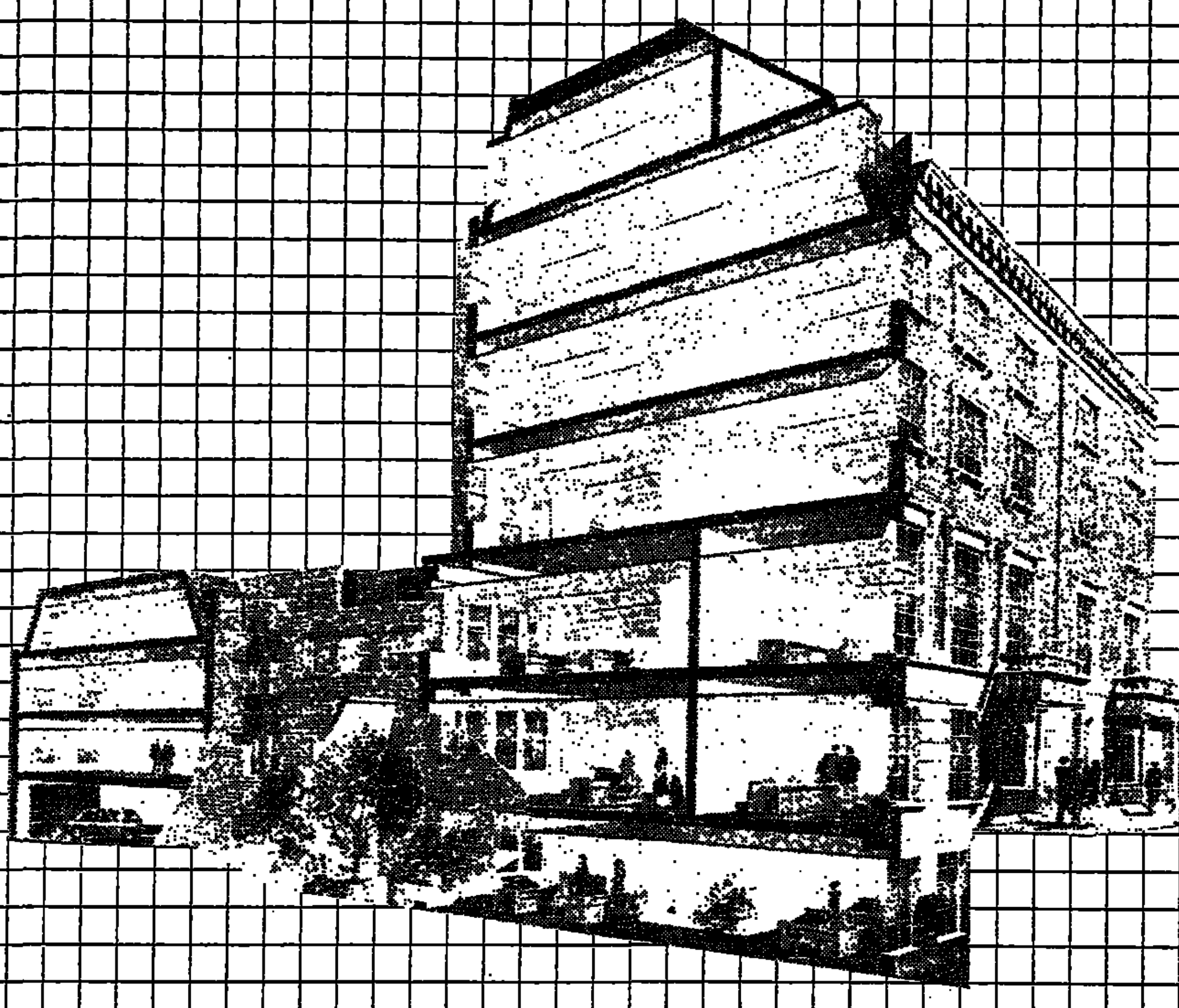

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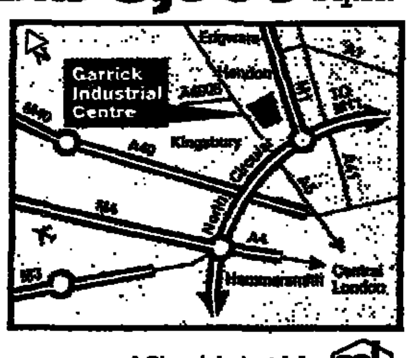

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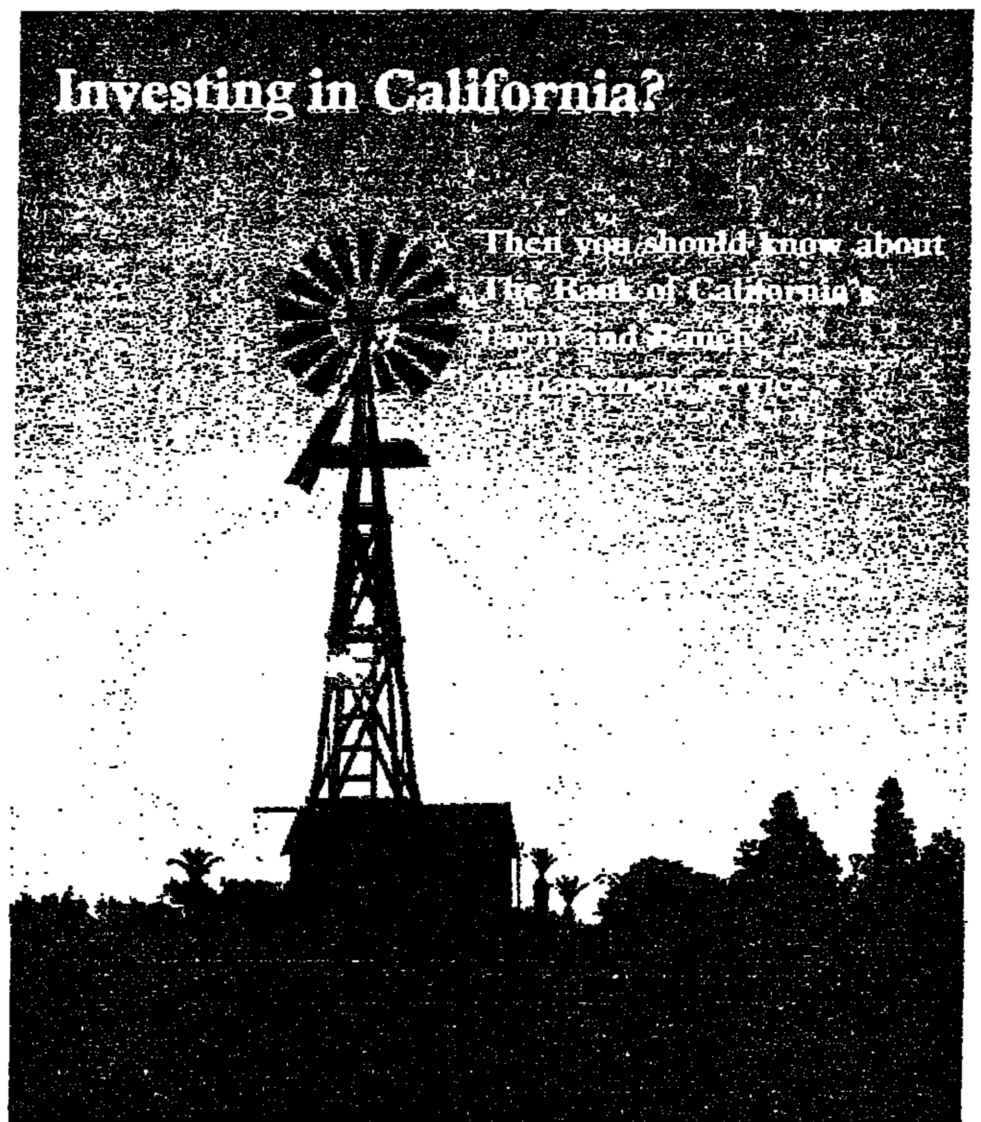

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WORLD STOCK MARKETS

Dow narrowly lower at 1pm

STOCKS WERE steady at mid-session on Wall Street and the Dow Jones Industrial Average gained over four points in early trading after Chemical Bank cut its prime rate to 17 per cent from 17½ per cent.

The average then lost momentum and was off 0.38 to $66.44 at 1 pm.

Advances led declines by seven to five on volume of 38.8m shares (40.5m). The NYSE All Common Index was off $0.11 at $72.27 at 1 pm.

Mr Hildegarde Zagorski, of Bache Halsey Stuart Shields, said the market is still digesting the gain of more than 35 points in the Dow Average earlier in the week.

Most issues showed only fractional price changes except for Natural Resource stocks, still attracting takeover speculation in light of Mobil's $5bn bid for Marathon.

Marathon, which is fighting the offer, gained $⅜ to $82¾ on heavy volume and Sedco, which holds 5.5 per cent of Marathon, put on $1 to $36.

Steels showed some strength, with U.S. Steel up $¼ to $29⅞, Bethlehem $⅛ to $21⅞, Republic $⅜ to $25⅝ and Kaiser $1⅜ to $44⅞. Mr Malcolm Baldridge, commerce secretary, said the U.S. will probably file anti-dumping suits against imported steel next week.

On the American Stock Exchange, prices were higher in moderate trading.

THE AMERICAN SE Market Value Index was up 2.14 to 326.41 at 1 pm and advances led declines 260 to 201. Volume was 5m shares (3.72m).

Dome Petroleum lost $⅞ to $11⅝ and Hudson's Bay Oil rose $3⅞ to $38⅜. Both stocks were halted Wednesday and part of Tuesday. Dome agreed to acquire the shares of Hudson's Bay that it does not already own and gave results of its Beaufort Sea Drilling.

Closing prices for North America were not available for this edition.

Canada

Stock prices were slightly higher at midsession with investor interest centring on issues with Beaufort Sea interests.

The trading halt was lifted on Dome Petroleum and Hudson's Bay Oil and Gas following release of the Beaufort Sea drilling results and Dome's offer for Hudson's Bay Oil on Tuesday.

Most active, Dome Petroleum dipped C$1 to C$14¾ and Hudson's Bay Oil was up C$4 to C$46⅞.

Mr Rob Reid, an oil analyst with Mcleod Young Weir, said while investors were not excited by the drilling news, they liked the Dome offer because it is guaranteed by a bank.

"The Beaufort results were reasonably good, but at this time the market is not interested in reasonably good results," Reid said.

The Toronto Composite index put on to at 1 pm on volume of shares.

Australia

Share prices firmed across the board in late trading after a featureless first session.

The Sydney All Ordinaries Index closed 3.7 up at 572.2 after the rally, which began on Friday, appeared to wane because of lack of direction.

BHP provided the highlight in the afternoon session with an announcement that further testing was required to determine the significance of small quantities of gas and oil found in the offshore Victorian well Yellowtail No 1. It closed 20 cents up at A$10.55, its highest for two weeks.

Santos rose 10 cents to A$5.40, Strata was off 7 to 98 cents, Meridian eased 1 cent to 39 cents, Vamgas shed 20 to A$9.30, Beach lost 5 to A$1.65, Pancontinental was 10 up at A$2.35 and AOD was steady at A$1.50.

Elsewhere, CSR gained 8 cents to A$4.40, the National Bank rose 5 cents to A$3, TNT eased 1 cents to A$2.45, Myers rose 5 to A$1.95, CRA lost 3 cents to A$3.15.

Tokyo

Wall Street's decline and a growing balance of margin debts combined to send Tokyo share prices down in moderate trading.

The Nikkei Dow Jones average, up for the past eight sessions, shed 25.65 to close at 7,546.50.

Trading remained moderate. Volume on the first section totalled about 340m shares (380m).

Brokers said Wall Street's decline and the balance of margin debts—once again at a record level last week at the country's three major exchanges — were mainly responsible for Thursday's downturn.

Hong Kong

The Hang Seng index put on nearly 40 points to 1,420.15.

Among leaders Hutchison Whampoa rose 50 cents to HK$18.30. Cheung Kong and Jardine Matheson each gained 40 to HK$23.00 and HK$17.30 respectively, Hong Kong Land 35 to HK$9.95, while Hong Kong Bank, Hong Kong Electric and Swire Pacific "A" put on 30 cents to HK$14.80, HK$5.50 and HK$12.80 respectively.

Elsewhere, Trafalgar Housing rose 30 to HK$4.30 and Sino Land 5 to HK$1.17.

Singapore

Share prices closed slightly higher on some late buying support after a mixed opening in selective moderate trading.

Genting put on 5 cents to S$5.10, Straits Trading 5 to S$7.70, Development Bank 15 to S$7.50 and United Overseas Bank 8 to S$4.24. Elsewhere, Haw Par, Sime Darby, United Motor Works and Oversea Chinese Banking were up between 1 and 5 cents.

The Straits Times index advanced 3.45 to 654.69.

Paris

Share prices tended lower in quiet trading on estimates of French unadjusted unemployment passing the 2m level.

All sections were down apart from Portfolios, Stores and Electricals.

In Metals, Vallourec lost to trade at FFr 68 wh Chemicals, Roussel-Uclaf FFr 3 to FFr 217.

In Oils, Cie Francaise Petroles, who reported a drop in 1981 first half prof off FFr 2.90 to FFr 112.0

In Foreigns, all section off but in Metals, Ama particularly strong, FFr 27.50 to FFr 337.50.

Johannesburg

Gold shares eased a bullion price slipped belo but turnover was smal losses limited to 50 cents

Kloof and Buffels were cents each to R36.00 and respectively and Grootv to R11.35. President Bra 75 to R51.75 against the In Diamonds De Beers to 855.

Germany

Leading shares mai early gains to close ge higher than Wednesday levels, although buying slackened in the course session.

Motors were parti active, with VW closing above the previous cl DM 130, BMW DM 3.50 DM 184 and Daimler D higher at DM 349.80 Commerzbank Index was 698 after 691.4 on Wedne

Banks continued to ported by the positive the domestic bond marke Deutsche DM 0.70 DM 271.10, Comm DM 0.20 up at DM 129. Dresdner DM 0.60 DM 125.60.

Prices in the domesti market continued to rea tively to signs of low short-term interest rate public authority loans ad by up to 0.65 percentage

The Bundesbank DM 17.3m of paper Frankfurt bourse after DI on Wednesday with yes total sales on all stock ex estimated at around 27m

Mark Eurobonds ga early gains of up to on profit-taking.

NEW YORK

Indices

NEW YORK — DOW JONES

STANDARD AND POORS

NY. S.E. ALL COMMON

MONTREAL

TORONTO Composite

NEW YORK ACTIVE STOCKS

CANADA

BELGIUM/LUXEMBOURG

BELGIUM (continued)

DENMARK

FRANCE

GERMANY

AUSTRIA

HOLLAND

ITALY

NORWAY

SWEDEN

SWITZERLAND

AUSTRALIA

HONG KONG

JAPAN

JAPAN (continued)

SINGAPORE

SOUTH AFRICA

BRAZIL

Cocoa down again

...APPOINTMENT at the low ...el of International Cocoa ...ganisation (ICCO) buffer ...ck purchases yesterday en...raged a fairly sharp price ...line on the London futures ...rket yesterday.

...he resumption of support ...ing after a three-week break ...l brought new heart to a ...ically depressed market this ...k but yesterday after bid...g $2,180 a tonne, the buffer ...k manager bought only ...20 tonnes, well below his ...ly limit of 10,000 tonnes. ...s brought total purchases ...e buffer stock operations ...ted at the beginning of ...ober to 64,345 tonnes.

...n the London futures mar... the March cocoa position, ...ch had risen to £1,171 a ...ne early in the day, slipped ...k to close £15 down at ...55.50 a tonne. The decline ... fuelled by rumours that ... ICCO had once again with...wn from the market follow... yesterday's small purchases. ... was also encouraged by a ...tinuing downward trend in ... New York market, which ...lers said, was under pres... from heavy speculative ...ing.

...n Brussels, meanwhile, EEC ...modity experts from the 10 ...mber states failed to reach a ...mon position on increasing ... resources of the ICCO ...fer stock fund, reports ...ter.

...hey said no decision had ...n taken owing to difficulties ...meeting the terms of a pos...e bank loan to expand the ...d.

...hey also discussed the possi...ty of increasing fund contri...tions by ICCO members from ... current rate of 1c per lb of ...oa traded, but reached no ...clusions.

...EEC tapioca imports rise

...RUSSELS — EEC imports ...apioca rose 27 per cent in ... first nine months of this ..., to just over 4m tonnes ... for the whole of the year ...orts are expected to total ...ween 6m and 6.5m tonnes. ...ailand, the main supplier, ...agreed to hold its sales to ...EEC this year to between ...and 5.5m tonnes. It has ... noted, however, that there ...been a marked increase in ...rts of tapioca from China. ...er

Tin at record high

BY ROY HODSON

THE PRICE of tine for three months delivery reached the record level of £8,550.5 a tonne on the London Metal Exchange yesterday as the influential but unidentified buyers who have been putting steam into the market continued their activities. The three-months price was up £47.50 on the day's trading following a rise of £52 the previous day. Cash tin rose £14 on the day to £8,205.

During pre-market trading in London tin went even higher than the record closing price, and was being traded at £8,510 a tonne for three months delivery. The market was anticipating higher prices in Penang.

In sharp contrast to the active tin market the aluminium market continued to be very weak. Cash metal fell by £1.50 on the day's trading following a fall of £6 a tonne the previous day. The closing price for cash metal was £592 a tonne. Industrial demand for aluminium remains depressed.

A threat that the strike-hit lead and zinc mine in Eire belonging to Tara Mines will be closed unless the dispute is settled had little effect upon lead and zinc dealings. Traders have been discounting the absence of Tara supplies during the four months of the dispute.

The Tara management has written to all employees threatening to put the Navan mine into long-term care and maintenance unless there is a move towards a settlement. The company claimed yesterday that as well as consideration of the craftsmen's bonus demand there were other proposals on the table which had not yet been discussed with the strikers.

The company declared *force majeure* on all shipments from the mine on July 6 when craftsmen walked off the job and forced other workers to be laid off. The mine has become an important source of zinc, together with some lead, to European smelters.

Lead for cash closed £0.50 down in London at £371.25 a tonne and zinc was £1.25 up for cash at £496.50 a tonne.

Copper miners at the 33,000 tonnes a year Cerro Verde mine in Peru have ended a 17 day strike after reaching agreement over pay with the state mining company Minero Peru. Another stoppage at the Ilo copper refinery is also expected to end quickly.

Minpeco, the state minerals marketing company, declared *force majeure* on copper cathode shipments during the strike. The price of copper in London fell by £3.75 for cash wirebars yesterday to £899.75 a tonne. Three months delivery copper was unchanged at £928.75 a tonne.

British sugar contract rejected

BY OUR COMMODITIES STAFF

THE NATIONAL FARMERS' Union (NFU) has rejected terms offered by the British Sugar Corporation for the 1982-1983 sugar beet producer contract.

Following a meeting of the NFU sugar beet committee this week its chairman, Mr David Morbey, said yesterday: "After a very full debate it was unanimously resolved that the terms and conditions so far proposed by the corporation were not acceptable but that the negotiating committee be instructed to seek an improved offer before a final decision as to determination is taken."

"Determination" is the final resort in a sugar contract dispute when the outcome is determined by the Minister of Agriculture or someone appointed by him.

Mr Morbey said the committee also resolved that the present inter-professional agreement should be terminated. This agreement, reached in 1972, describes the framework for sugar contract negotiations. The union believes it is now out of date in several important respects, notably in that it requires agreement to be reached by July 15, nearly a full year before the EEC beet price minimum is fixed.

The committee decided that any new agreement should be based on the same comprehensive information being made available to both parties during negotiations, and

In Brisbane the Australian Sugar Producers Association said the 1981 Australian sugar cane crop was now expected to total 25.68m tonnes against the previous estimate of a 26.00m tonne harvest.

Dry weather in some areas has led to the slight reduction which is not expected to have more than a marginal effect on raw sugar output, an ASPA spokesman said.

This is expected to be a record 3.57m tonnes against last year's 3.33m.

The ASPA said about 70 per cent of the reduced cane crop has now been crushed compared with around 80 per cent at the same time last year.

After delays caused by bad weather and industrial disruption earlier in the season, good progress has been made in recent weeks and the 30 Queensland mills are confident that given good weather, their crush will be completed by Christmas, the ASPA added.

However, the three New South Wales mills are well behind schedule and it is not yet clear when they will finish their crush. Reuter

Coffee quota cut forecast

INTERNATIONAL Coffee Organisation executive director Alexandre Beltrao was confident yesterday that coffee prices would rise above the 120 cents per lb level below which cuts in ICO export quotas are triggered automatically after December 1.

Under the ICO package agreed in September, quotas for the second quarter (January-March) of the 1981-82 coffee year will be cut by 1m bags to 13m any time after December if the ICO 15-day moving average, which for Wednesday was 119.83 cents per lb, falls back to 120 cents or lower.

The 15-day average has not previously risen above 120 cents during the current coffee year.

During 1980/81 the moving average was calculated from a selection of daily prices over a period of 20 rather than 15 days. It has remained below 120 cents since May in spite of a brief rise in the daily prices above that level in late July.

A second 1m bag cut in second quarter quotas is triggered if the 15-day average is at or below 120 cents not less than 15 market days following the first cut, but only two cuts can be applied to any one quarter.
Reuter

Buffer stock buys rubber

KUALA LUMPUR—The International Natural Rubber Organisation (INRO) made its first buffer stock purchases after approaching the Singapore, Malaysian and Indonesia rubber markets, reports Reuter.

The buffer stock manager bought about 1,000 tonnes at 35 cents a lb on the Singapore market, dealers said here. Dealers on the Malaysian market were unable to confirm any purchases.

Earlier this week INRO had rejected all offers in the U.S. for various grades of rubber, according to dealers and brokers in New York.

Yesterday's purchases were the first under the 1979 International Natural Rubber Agreement (INRA) whose buffer stock price range for the first time last week fell below the level where the buffer stock manager can buy to defend the price.

The INRO market indicator's moving average yesterday stood at 177.18 Malaysian/Singapore cents a kilo, just over 1c below the lower intervention level of 178.5c. The buffer stock manager must buy rubber when the price falls to 168c.

Contributions to the buffer stock fund so far would be enough to buy 50,000 tonnes from the market, according to Malaysia's Primary Industries Minister Paul Leong.

Mr Leong said this week that Malaysia, the U.S., Japan, Indonesia and Australia had paid some 74m Ringgit to the buffer stock account.

On the London physical market spot natural rubber rose 1.5p to 56.5p a kilo yesterday in response to the support buying. That was the highest level for seven weeks.

Champion heifer sold

A PEDIGREE Jersey heifer, bred by the Queen, topped the bidding at 1,000 guineas, after winning the championship at a breed show and sale in Gloucester.

Windsor Virginian's Cherry, who is due to calve in two weeks' time, was bought by 43-year-old Mrs Penny Chester, a farmer's wife, from Abergavenny.

FARMER'S VIEWPOINT

Not as black as we are painted

LAST WEEK BBC-2 broadcast a programme entitled "Butterflies of Barley," which was yet another emotive attack on modern farming systems.

I am all in favour of free speech, but I would have thought the programme could have been balanced by a farming view or at least a rational assessment of what is going on. The general theme was that modern farming was destroying the flora and fauna of the countryside.

Of course it is. But the point insufficiently appreciated by the objectors is that the British countryside has been changing ever since men came to these islands.

The earliest settlements were probably on the chalk downs of the south. These people rooted out the scrub, picked off the stones and made them into boundaries, and then cultivated their tiny fields. These are still visible in most downland areas. It was not until Roman times that the great forests were cleared and the drainage of the swamps begun.

Hedges were not planted until the common field farming of the Middle Ages gave way to the individual farming following the Enclosure Acts. Hedges were planted as field and farm boundaries, and to keep stock at home. Had wire been available in those days there would have been few hedges. I have read accounts written in the 19th century deploring the hedging of Essex fields and lamenting the loss of the broad sweep of undulating country.

Many of the woods are of fairly recent origin, planted during the farming depression following the end of the Napoleonic war. They had an economic use in providing hazel and sweet chestnut for sheep hurdles and thatching spars, materials for which there is little demand these days.

These woods were originally cultivated land. Is there any good reason why they should not be turned back to it again? The point was made that under some provisions of the Countryside Bill farmers would be paid to leave unimproved or unploughed certain specified areas.

I can't see anything wrong in this at all. If I have a block of land which the public wishes to preserve in its original state there is every reason why the public should pay some of the cost of keeping it from being properly farmed.

This particular point concerned Exmoor and it really amounted to preventing the farmer from turning his heather slopes into a reasonable pasture, thereby multiplying its stocking capacity many times.

The conservationists need educating into the benefits of land improvement. There is great satisfaction in my mind in seeing green pastures stocked with thriving sheep instead of black heather where the hungry sheep are infested by ticks.

There is a serious point here. What do the people really want? Is it the distant view or the study of the ecology of a small area of heather? From the ecology or wildlife point of view there are myriads of such places all over the United Kingdom. Every farm has perforce areas of waste in which all sorts of wildlife can flourish. Quite a few farmers even make provision for such places.

For those who want to look on nature in the raw, it is worth remembering that 7m hectares of the country are actually under arable cultivation as against 5m hectares of permanent grass and 6.3m hectares of rough grazing.

John Cherrington

Wider beef price range urged

BY A CORRESPONDENT

BRITISH CONSUMERS are not getting the sort of beef they want because farmers and wholesalers refuse to accept wide enough price differentials between high and low quality cattle.

If they did accept these greater differentials, claims Dr Basil Lowman of the East of Scotland College of Agriculture, then at least there would be commercial pressure for farmers to produce what consumers want to eat.

In Scotland at the moment, he told the Beef Industry 82 conference in Newcastle, the price differential between the best and worst beef cattle is only about 4p a kilo. A more realistic differential would be 12p, he suggested.

Nevertheless, he admitted that it was difficult to find out exactly what consumers, or indeed, butchers, did require: "There seems to be a tremendous range between what various aspects of the trade consider ideal carcasses," he explained. Only by introducing greater price differentials would this pattern of demand become any clearer.

Such a system had worked in the pig industry already, pointed out Dr Tony Kempster, chief technical officer of the Meat and Livestock Commission; and he could see no obvious reason why this should not be the case for beef production too, as breed substitution and production systems develop.

At the moment, he said, a beef animal's weight tends to have a much greater influence than its fatness on the price which the farmer receives.

Contracts traded

By Our Commodities Staff

A TOTAL of 3,765,534 contracts were traded through the International Commodities Clearing House in the 10 months ended October. This was up from the 3,334,464 contracts traded in the same period last year. The total value was £48,756m compared with £29,847m.

The busiest futures market was for raw sugar with 2,064,700 contracts worth £33,194m changing hands. Next came robusta coffee at 1,003,252 contracts and £7.417m.

...RITISH COMMODITY MARKETS

...ASE METALS

...: MONTHS Tin moved up to ...t levels on the London Metal ...nge as the recent influential ...s established a new support level ...500, forward metal touched £8,510 ...ina point—with the contango ...ing to £300—before closing at ... Other metals were quietly ... Copper closed at £928 Lead ...85.5. Aluminium at £617.5 and ...l at £2,777.5. Zinc was finally ... awaiting developments at the ...affected Tara mine.

...PER	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
...bars				
...	899..5	−6	899.5-900	−3.75
...ths	927.5-8	+3	928.5-9	.....
...m't	899.5	−5	—	
...des				
...	894..5	−2.75	893-5	−3
...ths	922.5 3	−3.25	922.4	−1.5
...m't	894.5	−2.5	—	
...d	—		*88.7-86	

...lgamated Metal Trading reported ...n the morning cash wirebars ... at £898.00, three months ..., 28.00, 27.50, 27.00, 27.50, ...des, three months £923.00, 22.50. Wirebars, three months £928.50. ...oon: Wirebars, three months ...prahe £927.00, 27.50, 28.00, ... 28.50. Kerb: Wirebars, three ...s £928.50, 29.00, 28.50. Turnover: ... tonnes.

...	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
...rade				
...	8205-10	+5	8200-10	+14
...ths	8500-5	+51.5	8500-1	+47.6
...m'	8210	+10	—	
...ard				
...	8205-10	+5	8200-10	+14
...ths	8500-5	+51.5	8500-1	+47.5
...n't	8210	+5	—	
...S.	§836.59	+6.81		
...ork				

...-Morning: Standard, cash ... three months £8500, 10, 8500. Kerb. Standard, three months £8500, ...75. Afternoon: Standard, three months £8505, 01 8500 Kerb. Standard, three months £8501, 8500, 05. Turnover. 4,035 tonnes.

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	375.5	+6	371-.5	−.5
3 months	389.5 95	+5.5	385-.5	−.25
Settlem't	376	.....	—	.....
U.S. Spot	—	.....	*36-40	.....

Lead—Morning: Cash £376.50, 76.00, three months £390.00, 89.00, 89.50. Kerb: Three months £389.00, 88.50, 89.00, 89.50. Afternoon: Three months £388.00, 87.00, 86.00, 87.00, 86.50, 86.00, 85.00, 85.50. Kerb. Three months £385.00, 85.50, 86.00. Turnover: 24,175 tonnes.

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	497.5-8	+.5	496-7	+1.25
3 months	512-.5	−1.25	511-.5	+.75
S'ment	498	+.5	—	.....
Primw'ts	—	.....	*45.5-50	.....

Zinc—Morning: Cash £497.50, three months £513.00, 12.00, 13.00, 12.50. Kerb: Three months £512.00, 11.50, 12.00. Afternoon: Cash £496.00, three months £511.00, 10.50, 11.00, 11.50, 11.00. Kerb: Three months £510.00, 10.50, 11.00. Turnover: 18,625 tonnes.

Aluminm	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Spot	590.5 1	−3.25	591-3	−1.6
3 months	614.5-5	−2.5	616-.5	−1.5

Aluminium—Morning: Cash £590.50, three months £614.00, 14.50, 15.00, 14.00, 15.00. Kerb: Three months £616.00, 17.00. Afternoon: Three months £616.00. Kerb. Three months £617.00, 18.00, 17.50. Turnover: 14,325 tonnes.

NICKEL	a.m. Official	+ or −	p.m. Unofficial	+ or −
Spot	2770-80	+50	2725-50	+2.5
3 months	2830-40	+46.5	2800-5	+4

Nickel—Morning: Three months £2,825, 40, 30. Kerb: Three months £2,835. Afternoon Cash £2,725, three months £2,810, 2,810, 2,800. Kerb Three months £2,810, 2,800, 2,790, 85, 75. Turnover: 1,314 tonnes.
* Cents per pound ‡ M$ per kilo.
† On previous unofficial close.

SILVER

Silver was fixed 3.95p an ounce lower for spot delivery in the London bullion market yesterday at 482.9p. U.S. equivalents of the fixing levels were: spot $9.069, down 7.9c; three-month $9.393, down 10.1c; six-month $9.723, down 8.4c; and 12-month $10.469, down 6.4c. The metal opened at 485½-488½p ($9.11-9.16) and closed at 485-487½p ($9.11-9.16).

SILVER per troy oz.	Bullion fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	482.90p	−3.95	485p	−3.5
3 months	501.20p	−4.25	503.75p	−3.5
6 months	518.80p	−3.70	—	...
12months	557.80p	−3.70	—	...

LME—Turnover 74 (108) lots of 10,000 ozs. Morning: Three months 504.0, 02.0, 01.5. Kerb. Nil. Afternoon. Three months 503.0, 04.0. Kerb: Three months 504.0, 05.0, 04.0.

COCOA

Futures initially remained steady in quiet conditions but once the buffer stock manager had purchased 2,920 tonnes prices eased again on further commission house selling, reports Gill and Duffus.

COCOA	Yest'rday's Close	+ or −	Business Done
Dec.	1152-53	−22.0	1174-53
March	1155-56	−15.0	1171-52
May	1154-55	−15.0	1171-51
July	1155-56	−14.0	1171-54
Sept	1160.64	−12.0	1178-63
Dec.	1172-74	−7.5	1183-74
March	1180-200	−7.5	1192

Sales: 3,481 (3,063) lots of 10 tonnes.

ICCO—Daily price for November 5: 93.07 (95.04). Indicator price for November 6: 94.92 (95.02).

COFFEE

Despite a sharp decline in New York values held relatively steady, reports Drexel Burnham Lambert. Continued trade buying added further support before a disappointing New York opening dampened the recovery. Dealer short covering towards the close encouraged a steady finish.

COFFEE	Yesterday's Close	+ or −	Business Done
	£ per tonne		
Nov.	1126-27	−10.0	1136-12
Jan.	1148-49	−7.0	1151-36
March	1145-49	−6.5	1150-55
May	1141-45	−7.5	1148-35
July	1140-50	−8.0	—
Sept	1140-49	−2.5	1150-40
Nov.	1138-50	−4.0	—

Sales: 2,923 (4,915) lots of 5 tonnes.
ICO indicator prices for Nov 4: (U.S. cents per pound): Comp daily 1979 125.48 (125.05). 15-day average 119.83 (119.25).

WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order buyer, seller, business). New Zealand cents per kg. Dec 378, 382, nil; Jan 384, 391; Mar 391, 393, 392; May 395, 400, nil; Aug 412, 418, nil; Oct 415, 418, 418-416; Dec 421, 422, 425; Jan ...; Mar 430, 436, 430; May 435, 439, 438. Sales: 15.

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

SYDNEY GREASY WOOL—Close (in order buyer, seller, business). Australian cents per kg. Dec 497.0, 497.5, 497.5-496.5. Mar 501.0, 502.0, 501.0-500.0. May 511.8, 514.0, 513.7. July 520.0, 522.5, 524.5-523.0. Oct 520.0, 522.5, 520.0. Dec 523.0, 524.0, 524.0-523.5. Mar 520.5, 522.0, untraded. May 524.0, 527.0, untraded. Sales: 134.

GAS OIL FUTURES

Prices continued to rise back in line with the Rotterdam spot market. Trading conditions were boosted by long liquidations, reports Premier Man.

Month	Yesterdys close	+ or −	Business Done
	$ U.S. per tonne		
November	322.25	−1.75	322.25-22.50
December	322.25	−2.00	323.75-22.00
January	325.25	−2.00	325.25-25.25
February	323.75	−1.25	325.00-24.00
March	323.00	−1.75	324.50-24.50
April	321.75	−1.75	322.00-22.00
May	321.75	−2.25	324.50-21.50
June	322.50	−2.00	324.25-25.75
July	321.25	−3.00	—

Turnover: 1,370 (841) lots of 100 tonnes.

GRAINS

The market opened slightly higher on old crop. Further gains were made on light book squaring and old-restitution buying. The market drifted lower in all positions except November barley. Acli reports.

WHEAT Mnth	Yesterd'ys close	+ or −	BARLEY Yesterday close	+ or −
Nov.	106.80	−0.25	100.95	−0.25
Jan.	108.90	+0.20	103.90	−0.15
Mar.	112.45	−0.20	107.40	−0.15
May.	116.00	−0.05	110.50	−0.10
July.	119.40	+0.10	—	—
Sep.	106.55	—	100.85	−0.15

Business done—Wheat: Nov 106.90-106.60, Jan 109.05-108.80, March 112.60-112.45, May 116.20-116.00, July 119.55-119.40, Sept no trades. Sales: 165 lots of 100 tonnes. Barley: Nov 100.95-100.75, Jan 104.00-103.80, March 107.50-107.35, May 110.90 only, Sept no trades. Sales: 119 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2 14 per cent, afloat 112.50, Nov 113.00, Dec 114.50 sellers transhipment East Coast. English Feed fob Nov 111.00, Dec 112.50 East Coast sellers. Maize: French Nov 127.25, Dec 119.00 quotes transhipment East Coast sellers. S. African White/Yellow, Nov 85.25 seller. Barley: English Feed fob Nov 105.00, Jan/March 110.50 traded East Coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Other milling wheat: S. East 106.25, N. West 105.50. Feed barley: S. East 101.20, S. West 102.00, W. Mids 100.00, N. West 100.70. The UK Monetary Coefficient for the week beginning Monday, November 9 is expected to change to 0.983.

RUBBER

The London physical market opened steadier, attracted good demand throughout the day and closed uncertain. Lewis and Peat reported a fob price for No. 1 RSS in Kuala Lumpur of 224.5 (227.0) cents a kg and SMR 20 176.0 (176.0).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Dec.	57.60-58.50	56.40-56.60	—
Jan.	58.50-58.30	57.50-57.60	—
Jan-Mar	59.50-59.70	56.50-56.60	59.10-59.10
Apl-Jne.	62.30-62.40	62.30-62.45	62.90-62.40
Jly-Sept	66.50-66.60	65.70-65.60	67.10-65.50
Oct-Dec	69.60-70.10	69.10-69.20	70.50-70.00
Jan-Mar	72.60-72.80	72.50-72.60	—
Apl-Jne.	75.70-75.90	75.60-75.90	77.00
Jly-Sept	79.90-79.90	79.00-79.10	79.20

Sales: 472 (167) lots of 15 tonnes.
Physical closing prices (buyers) were: Spot 56.50p (55.00p). Dec 53.75p (52.00p). Jan 54.75p (54.00p).

SOYABEAN MEAL

The market opened unchanged in quiet conditions, reports T. G. Roddick. Commission house buying against trade selling kept the market within a 50p range throughout the day.

	Yesterdys Close	+ or −	Business Done
	£ per tonne		
December	129.60-29.6	−0.55	130.40-29.70
February	133.50-33.6	+0.15	133.70-33.60
April	135.40-35.9	−0.55	—
June	137.60-38.5	−0.45	—
August	139.50-40.5	−0.50	—
October	140.05-42.5	−1.25	—
Dec	140.70-45.0	−1.00	—

Sales: 147 (64) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £157.00 (same) a tonne cif Nov-Dec shipments. White sugar daily price £172.00 (£175.00).

The market opened about unchanged and no improvement was recorded later, reports C. Czarnikow.

No.4 Con-tract	Yest'rdy's close	Previous close	Business done
	£ per tonne		
Jan.	157.00-53.00	160.00-61.75	—
March	164.05-64.20	166.50-66.75	167.00-66.75
May	167.75-67.80	169.75-70.00	170.00-67.25
Aug.	172.00-72.20	173.75-74.25	172.50-71.75
Oct	176.75-77.00	178.50-75.75	178.50-61.00
Jan.	177.00-60.00	160.50-80.75	—
March	183.50-85.00	185.00-85.75	184.00

Sales: 5,219 (3,001) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £375.00 (same) a tonne fob for home trade and £263.5 (same) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Price for Nov 4. Daily price 11.93 (same): 15-day average 11.72 (11.75).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 167 tonnes. Further useful purchases were made in a variety of styles, with attention mainly focused on South American growths. Demand in African qualities continued on a broader basis.

POTATOES

LONDON POTATO FUTURES—Probable book squaring on November prior to expiry next week caused firmness throughout the day while other positions eased, reports Coley and Harper. Closing prices: Nov 79.90, +1.70 (high 79.90, low 78.50). Feb 89.50, −0.35 (high 90.00, low 89.20). April 102.70, −0.30 (high 103.50, low 102.60). Turnover 242 (226) lots of 40 tonnes.

*

HIDES—Manchester: The market was unchanged. Second clears. Ox. 31-35.5 kg, 63.5p a kg (64.0p a kg); 26-30.5 kg, 69.0p a kg (69.0p a kg); 22-25.5 kg, 77.0p a kg (77.0p a kg). Light cows 25.5 kg, 77.1p a kg (76.0p a kg).

*

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone. Shelf cod £5.00-£5.60, codlings £2.30-£4.60. Large haddock £3.00-£4.20, medium £2.20-£3.80, small £2.00-£3.40. Medium plaice £6.90, best small £6.00-£6.90. Skinned dogfish (medium) £4.50. Lemon soles (large) £12.50, (medium) £10.00. Rockfish £3.60. Saithe £2.00-£2.07.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 75.0 to 80.0; Ulster Hindquarters 84.5 to 86.5, Forequarters 59.0 to 61.0. Veal: Dutch Hinds and Ends 122.0 to 125.0. Lamb: English Small 67.0 to 75.0, Medium 62.0 to 75.0. Imported Frozen: New Zealand PL 64.0 to 65.0. Pork: English under 100 lbs 46.0 to 56.0, 100-120 lbs 45.5 to 55.0, 120-160 lbs 42.0 to 53.0.

MEAT COMMISSION—Average Fatstock prices at representative markets. GB—Cattle 91.95p per kg lw (+1.40). UK—Sheep 155.45p per kg est dcw (+15.09). GB—Pigs 80.81p per kg lw (+0.02).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Outspan: Valencia Lates 48 5.70, 56 6.50, 72 6.45, 88 5.60, 112 5.35, 138 5.30, 150 4.95; Spania: Navelinas 42/130 5.00-6.00. Satsumas—Spania: 2.40-3.20. Lemons—Outspan: 53/68 3.70-4.50, 88/162 7.00-7.50; Cypriot: 5.00-5.50; Turkish 4.50-5.50; Italian: 60/150 6.00-7.00. Grapefruit—U.S.: Pink 48 7.50; Cuban: 36/40/48 4.10-4.40, pink 32/48 4.20-4.50; Jaffa 42/60 5.40-6.00; Cypriot: Small cartons 5.00-5.40, large cartons 6.00-6.50; Honduras: 5.50-6.00. Apples—French: New crop, Golden Delicious 20-lb 3.20-3.70, 40-lb 6.00-7.50, Stark Crimson 40-lb 7.00-8.50, 20-lb 3.50-4.60, Granny Smith 7.50-8.50; U.S.: Red Delicious 8.00-13.50; Dutch: Golden Delicious 26-lb 4.00, Cox's 26-lb 4.60-4.80.

English Produce: Potatoes—Per 55-lb white 2.20-2.50, red 2.40-2.60, King Edwards 2.70-3.20, jacket 2.50-3.00. Mushrooms—Per pound, open 0.40-0.60, closed 0.60-0.80. Apples—Per pound, Bramley 0.12-0.22, Cox's 0.20-0.30, Laxton's 0.14-0.20, Worcester Pearmain 0.12-0.20, Russets 0.15-0.24. Pears—Per pound Conference 0.12-0.18, Comice 0.15-0.22. Tomatoes—Per 12-lb, D/E 1.60-2.00. Cauliflowers—Per 12, Kent 2.80-3.20, Lincoln 2.00-2.50. Cabbages—Per bag, Primo 30-lb 1.00-1.20. Lettuce—Per 12, round 1.20-1.50, Webb's 1.60-2.00. Radishes—Per pack 12 x 8-oz 1.40, bunches of 15 1.50. Onions—Per tray x 20 bunches, spring 2.00, 55-lb 40/60mm 2.00-2.80. Carrots—Per 26/28-lb 0.70-1.00. Beetroots—Per 28-lb round 1.00-1.20, long 1.30. Fennel—Per 10-lb 1.50. Parsnips—Per 28-lb 1.40-1.60. Swedes—Per net 0.80-1.10. Leeks—Per 10-lb 1.40-1.60. Sprouts—Per 20-lb 1.60-2.80. Pumkins—Per pound 0.08-0.10. Turnips—Per 28-lb 1.20-1.60. Celery—Per 18/36 Hassey 2.50-3.50. Brussels Tops—Per 25-lb 1.00-1.20. Spring Greens—Per 25-lb 1.00-1.50.

PRICE CHANGES

In tonnes unless otherwise stated

	Nov. 5 1981	+ or −	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt.	$1100/1130	......	$1150/160
Copper			
Cash w'bar	£899.75	−3.75	£902
3 mths	£928.75	......	£935.25
Cash Cathode	£894	−3	£899
3 mths	£923	−1.5	£931
Gold troy oz	$429.25	−2	$446
Lead Cash	£371.25	−0.5	£399.75
3 mths	£385.25	−0.25	£407.125
Nickel	£4189.50	......	£4,219.60
Free mkt.	225/275c	−5	225/285c
Platin'mtr'y oz	£260	......	£260
Freemkt	£221.50	−1.25	£223.65
Quicksilvert	$422/427	......	$425/450
Silver troy oz	482.90p	−3.95	498.90p
3 mths.	501.20p	−4.25	508.30p
Tin Cash	£8,205	+14	£8315
3 mths	£8500.5	+47.5	£8357.1
Tungsten22.0lb	$141.65	......	$142.65
Wolfrm 22.04lbs	$135/138	......	$140/144
Zinc Cash	£496.5	+1.25	£479.5
3 mths	£511.25	+0.75	£492.75
Producers	$1000	......	$1000
Oils			
Coconut (Phil)	$580v	−5	$570
Groundnut	$800w	......	‡
Linseed Crude	£460x	......	£420
Palm Malayan	$510z	......	$525
Seeds			
Copra Philip.	$355v	−5	$355
Soyabean (U.S.)	$264.5	......	$274
Grains			
Barley Fut. Jan	£103.90	−0.15	£103.95
Maize	£127.25	......	‡
Wheat Fut. Jan	£108.90	+0.20	£109.80
No2 HardWint	‡	......	‡
Other commodities			
Cocoa ship't*	£1,225	−22	£1,275
Future Mar.	£1155.5	−15	£1,171
Coffee Ft' Jan.	£1148.5	−7	£1,064.5
Cotton A.Index	74.85c	−0.05	75.15c
Gas Oil Nov.	$322.5	−2	$311.5
Rubber (kilo)	56.5p	−1.5	52.5p
Sugar (Raw)	£157	......	£160
Woolt'ps 64s kl.	380p kilo	−3	391pkilo

‡ Unquoted. w Dec-Jan. z Dec. x Oct-Nov. v Nov-Dec. † Per 76-lb flask. * Ghana cocoa. n Nominal. § Seller.

AMERICAN MARKETS

NEW YORK, November 5

Copper traded mostly higher in very light trading interrupted by occasional trade buying. Cotton continued to drift lower on declining mill demand. Coffee was mixed with some trade profit-taking late in the day. Cocoa was under pressure because of the disappointment with the lack of progress in receiving additional ICCO financing from the EEC. Heating oil receded on profit-taking and technical selling, reported Heinhold.

Copper—Nov 75.65 (75.80). Dec 76.50-76.70 (76.60). Jan 77.45. March 79.05-79.10. May 80.60. July 82.65. Sept 84.20. Dec 85.90. Jan 87.75. March 89.50. May 91.30. July 93.10. Sept 94.90. Sales, 3,300.

*Gold—Nov 428.5 (429.8). Dec 431.0-431.5 (433.3). Jan 436.2. Feb 441.0-441.5. April 450.5-451.0. June 462.7. Aug 473.4. Oct 484.3. Dec 495.5. Feb 506.5. April 517.9. June 529.3. Aug 540.7. Sales: 37,000.

*Platinum—Nov 408.8 (409.0). Jan 416.5-417.0 (417.3). April 430.6. July 445.2. Oct 460.2.

Potatoes (round whites)—Nov 66.1 (64.6). Feb 77.5-72.5 (69.5). March 75.1-77.0. April 85.4-85.5. Sales: 1,126.

¶Silver—Nov 915.0 (915.7). Dec 923.0-924.0 (924.0). Jan 934.7. March 957.5-960.0. May 980.0. July 1002.5. Sept 1025.0. Dec 1059.5. Jan 1070.8. March 1093.3. May 1115.8. July 1138.3. Sept 1160.8. Handy and Harman bullion spot: 908.00 (913.00).

Sugar—No. 11: Jan 11.65-11.75 (11.73). March 12.20-12.23 (12.26). May 12.55-12.57. July 12.65-12.67. Sept 13.15. Oct 13.30-13.33. Jan 13.45. March 14.00-14.01. Sales 5,520.

Tin—700.00-715.00 (697.00-715.00).

CHICAGO, Nov 5

Lard—Chicago loose 20.25-20.50 (20.25).

Live Cattle—Dec 64.30-64.22 (63.77). Feb 64.65-64.80 (64.22). April 64.65-64.35. June 65.70-65.65. Aug 65.20-65.35. Oct 63.95. Dec 64.10.

Live Hogs—Dec 47.35-47.45 (47.47). Feb 49.10-49.20 (49.35). April 47.40-47.45. June 49.95. July 50.40. Aug 49.90. Oct 47.45. Dec 48.55. Feb 49.25.

‡‡Maize—Dec 286½-286¼ (286½). March 304½-304¼ (305). May 316½-316¾. July 324½. Sept 329¾. Dec 335-334¾.

Pork Bellies—Feb 69.90-70.00 (68.87). March 69.65-69.75 (68.80). May 70.40-70.50. July 71.20-70.95. Aug 70.25-69.95.

†Soyabeans—Nov 656½-657 (655½). Jan 673½-675 (673¼). March 693¾-694¼. May 717½-713. July 727½-728. Aug 729½. Sept 730½. Nov 730¾.

Soyabean Meal—Dec 191.0-190.9 (190.9). Jan 194.9-194.6 (194.9). March 200.5-200.3. May 205.5-205.0. July 210.0-209.5. Aug 210.5-211.0. Sept 212.0-212.5. Oct 212.5-213.0. Dec 215.5-216.0.

Soyabean Oil — Dec 21.16-21.18 (21.13). Jan 21.56-21.55 (21.52). March 22.20-22.18. May 22.75. July 23.30. Aug 23.40-23.45. Sept 23.50-23.55. Oct 23.80. Dec 24.00-24.05.

†Wheat—Dec 438-438¼ (436). March 464½-464 (462½). May 473½. July 467½-467¾. Dec 497½.

WINNIPEG, Nov 5

§Barley—Dec 121.70 (122.30). March 129.10 (129.40). May 132.30. July 133.90.

§Wheat—SCWRS 13.5 per cent protein content cif St Lawrence 250.53 (250.24).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‡ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

Wednesday's closing prices

NEW YORK, November 4.

††Cocoa—Dec 1913 (1956). March 1981 (2015). May 2016. July 2036. Sept 2057. Dec 2080. March 2105. Sales, 2,190.

Coffee—"C" Contract: Dec 149.50-149.99 (148.33). March 136.75-137.00 (138.49). May 130.50-131.00. July 128.00-128.50. Sept 127.00. Dec 124.00. March 122.00-122.50.

*Gold—Nov 429.8 (430.6). Dec 433.0-433.5 (434.2). Jan 438.4. Feb 443.0-443.6. April 453.0. June 465.1. Aug 475.9. Oct 486.9. Dec 496.0. Feb 509.3. April 520.7. June 532.1. Aug 543.6. Sales: 28,000.

Heating oil (dollars per U.S. gallon)—Dec 1.0126. Jan 1.0240. Feb 1.0320. March 1.0280. May 1.0160. June 1.0160. July 1.0160. Aug 1.0375. Sept 1.0410. Oct 1.0570. Turnover: 3,416.

Orange Juice—Nov 117.35-117.65 (117.70). Jan 120.30 (120.65). March 122.90. May 125.50-125.80. July 128.30-128.60. Sept 129.70-130.00. Nov 130.80-131.10. Sales 500.

CHICAGO, November 4.

Chicago 1mm Gold—Dec 433.2-433.5 (434.4). March 449.3 (449.7). June 464.7. Sept 480.9. Dec 497.3. March 513.9. June 530.7. Sept 547.7.

EUROPEAN MARKETS

ROTTERDAM, Nov 5

Wheat—(U.S. $ per tonne): U.S. Two Dark Hard Winter 13.5 per cent Nov 20/Jan 10 214.50, Jan 20/Feb 10 217, Feb 20/Mar 10 219.50. U.S. No Two Red Winter Nov 183, Dec 190, Jan 193, Feb 197. U.S. No Three Amber Durum Nov 195, Dec 199, April/May 207. U.S. No Two Northern Spring 14 per cent afloat 190.75, Nov 193, Dec 196.50, Jan 207.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports Oct 256.50, Nov 258.30, Dec 263.50, Jan 270.50, Feb 273.25, Mar 279.25, April 282.25, May 285.75 sellers. Argentine June/July 232 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent protein U.S. Dec 233.50, Jan 235 traded afloat 228, Nov 232, Dec 231, Jan 235, Jan/Mar 243.50, April/Sept 239.50 sellers. Brazil Pellets in barges 243 traded, Nov 243.50, Dec 232, Jan/Mar 242, April/Sept 254 sellers.

Maize—(U.S. $ per tonne): U.S. No Three Corn Yellow afloat 124, Nov 125, Dec 128.50, Jan/Mar 138.50, April/June 144 sellers.

PARIS, November 5

Cocoa—(FFr per 100 kilos): Dec 1205/1220, March 1210/1214, May 1205/1220, July 1210/1230, Sept 1220/1240, Dec 1225/1255, March 1230/1260. Sales at call: nil.

Sugar—(FFr per tonne): Dec 1782/1790, March 1815/1820, May 1853/1860, July 1860/1890, Aug 1915/1925, Oct 1950/1975, Nov 1950/1975, Dec 1960/1990. Sales at call: nil.

INDICES

FINANCIAL TIMES

Nov. 4	Nov. 3	Month ago	Year ago
256.18	256.71	262.08	275.14

(Base: July 1, 1952=100).

MOODY'S

Nov. 4	Nov. 3	Month ago	Year ago
997.2	996.8	1011.5	1342.4

(December 31, 1931=100)

DOW JONES

Dow Jones	Nov. 4	Nov. 3	Month ago	Year ago
Spot	357.75	359.05	355.75	480.58
Fut'rs	375.92	377.49	372.79	500.28

(Average 1924-25-26=100)

REUTERS

Nov. 5	Nov. 4	M'nth ago	Year ago
1642.5	1644.1	1651.5	1756.5

(Base: September 18, 1931=100)

Speculative enthusiasm increases as equity leaders cross 500 mark again—P. and O. enlivened by bid talk

Account Dealing Dates
Option

*First Dealings	Declara-tions	Last Dealings	Account Day
Oct 26	Nov 5	Nov 6	Nov 16
Nov 9	Nov 19	Nov 20	Nov 30
Nov 23	Dec 3	Dec 4	Dec 14

* "New time" dealings may take place from 9 am two business days earlier.

Leading equities regained momentum after Wednesday's slowdown and the FT Industrial Ordinary Share Index crossed the 500 mark for the first time since September 22. This measure of the London equity market gained 9.8 to 504.3 for a rise so far this week of nearly 36 points, about 7½ per cent; the *broader-based* FT-Actuaries All-Share Index has advanced 6 per cent to 303.65 over the same period.

Press comment on **Peninsular and Oriental's** recovery prospects and market raid possibilities led to strong speculation about pending bids, probably coming from Hong Kong. With the spotlight firmly on the stock and the Shipping sector in general. P and O were quoted at around 125p to 135p at the start in London; speculative demand made for a highly sensitive market, which is shared by only *two firms of jobbers, and after* a sizeable trade P and O settled at 137p, after 140p.

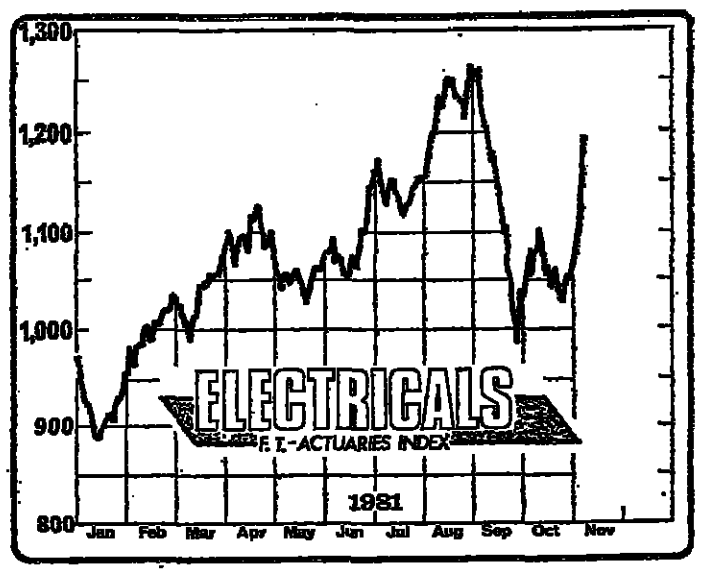
Imperial Group were another extremely busy counter, also following Press suggestions of a market raid, while a host of situation issues, both old and *new, attracted increased attention.* Genuine investment business improved in the wake of this activity and most leading shares went higher and closed at the day's best.

Optimism about today's debut *for Cable and Wireless increased* at the equity tone strengthened and an opening premium of as much as 40 on the offer price of 168p was being forecast. Wall Street's indecision at yesterday's opening, the market there soon lost an early rise, failed to dismay London operators who took heart from further cuts in U.S. Prime Rates, now down to 17 per cent, and sterling's steadiness.

The further easing in U.S. rates particularly influenced Gilt-edged securities. Short and longer-dated stocks were beginning to ease back from enhanced early levels, but the Prime rate reductions restored confidence and closing gains extended to ⅜ in the case of Treasury 12¾ per cent 1992, at 87¼. Clean of the interest payment, the shorter life Treasury 12 per cent 1986 attracted good business and rose a similar amount to 87⅞. After Wednesday's reaction of 0.06, the FT Government Securities index gained 0.28, 0.29 to 62.16.

Traded options attracted 3,197 deals, the highest total for five weeks. The sharp increase in activity was due to an exceptionally active call business in **P & O Deferred** and **Imperial**, both on *takeover prospects.* P & O recorded 1070 calls, with the November 130's accounting for 339, while Imperial were dealt 1,305 times for the call with a substantial amount of the *interest directed towards the* November 70's where 905 trades were struck.

Two two newcomers to the *Unlisted Securities Market* got away to a fair start. **Feedback** closed at 103p compared with the placing price of 90p, while **VW** at 64p, ended 2 above its placing level of 62p.



Banks wanted

The major clearing banks moved smartly higher in response to Press comment. **NatWest** jumped 15p to 395p. **Barclays** closed a similar amount better at 435p, while **Lloyds** rose 13 to 405p and **Midland** added 9 at 325p. **Bank of Scotland** put on 8 to 420p. Elsewhere, **Royal Bank of Scotland** *gained 6 to 168p,* after 170p, on revived hopes that the authorities will allow the bids from Hong Kong and Shanghai and Standard Chartered to proceed. **Grindlays** hardened a couple of pence more to 200p on continued bid *speculation.* **Guinness Peat** improved a couple of pence to 93p despite the chairman's cautious annual statement.

Closing improvements in Insurances ranged to 5. **Prudential** put on that much to 226p, while **Legal and General** gained 4 to 210p.

Breweries were featured by **Whitbread** which closed 5 to the good at 156p in front of next Tuesday's first-half figures which are expected to be in the £35m-£36m range. **Bass**, 200p, and **Greenall Whitley**, 135p, added 2 apiece. Elsewhere, **Distillers** rose 5 to 180p, after 181p, on investment support.

Selective interest was again evident in the Building sector. **Glossop** became prominent with a rise of 8 to 60p, while fresh demand left **Whittingham** a similar amount dearer at 120p. *Wiggins Construct hardened 2 to* 74p following acquisition news. Among the leaders, **Blue Circle** improved 6 more to 466p, while buying interest was shown in **Redland**, which gained 3 to 162p. **ICI** edged up to close 4 dearer at 282p, while **Fisons** closed a like amount higher at 142p.

Burton good

Leading Stores continued to make progress on steady institutional support. **British Home** added 6 more to 134p, still buoyed by the good performance *of the Savacentre hypermarket* venture jointly owned with J. Sainsbury. **W. H. Smith A** were briskly traded and closed 9 higher at 170p; the interim results are due in the next Account. Buyers also showed interest in **Burton**, 10 up at 119p, with the Warrants 6 better at 45p. **House of Fraser**, 3 up at 164p, remained firm in front of the Monopolies Commission's report on the contested offer from **Lonrho**, while **Marks and Spencer** firmed 4 to 122p. **Woolworth** attracted later support and rose a couple of pence to 47½p. Selected secondary issues also displayed good rises. Renewed takeover speculation lifted **J. Hepworth** 6 to 98p, and **Courts A** 5 to 69p, but **W. L. Pawson**, interim results expected November 16, eased 2½ to 9p. Speculative demand in a narrow market left **Evans and Owen** 7 *higher at 112p, while Milletts* **Leisure** held at 93p, the expected reduction in first-half earnings being outweighed by the maintainence of the interim dividend.

Investment support was again forthcoming for the popular Electrical leaders. **Plessey** stood *out with a fresh rise of 8 to 330p* on further consideration of the U.S. aircraft order. **GEC** advanced to 10 to 725p and **Racal** improved a few pence to 408p. Secondary stocks also continued firmly. **Farnell** added 13 to 448p and **Amstrad**, 202p, and **Telephone Rentals**, 312p, gained 10 apiece. **MK** rose 4 more to 206p; the interim results are due on November 30.

Leading Engineers were neglected and gains were relatively modest. Elsewhere in the sector, speculative demand left **Tecalemit** 5 higher at 45p, while **Anderson Strathclyde**, an old take-over favourite edged up 2 more to 84p. Fresh support lifted **Staveley** 5 further to 190p, while similar rises were marked against **Molins**, 144p, and **Westland**, 109p. **GM Firth** revived and touched 152p before settling 4 dearer at 150p. **Simon** *Engineering improved 7 more to* 380p.

Demand for Foods was much reduced from recent levels. **J. Sainsbury** added 5 to 495p, still reflecting the excellent interim results, while renewed takeover speculation lifted **Amos Hinton** 12 to 203p. **RHM**, recently the subject of a dawn raid by **British Sugar**, eased the turn to *69p; BS gave up 4 to 317p.*

Unilever better

Buyers continued to show an interest in the miscellaneous industrial leaders which made progress for the fourth successive session. **Unilever** advanced *12 more to 627p on investment* demand ahead of the interim results due on November 17, while **Metal Box**, still reflecting Press comment, firmed 4 afresh to 148p. **Pilkington** gained 7 to 283p. **Bowater** 5 to 205p and **BOC** 4 to 151p. Elsewhere, **De La Rue** improved 17 further to 675p in anticipation of Tuesday's half-yearly statement, while **British Aerospace** revived with a rise of 11 to 196p.

A firm market this week on the chairman's profits forecast, **Ropner** issues climbed further on speculative interest, the ordinary closing 11 higher at 195p and the A 8 dearer at 188p. **Extel** jumped 10 to 225p and **Sidlaw Industrial** rose 8 to 160p. Revived bid hopes helped **Chubb** 3 firmer at 87p and **Gripperods**, up 4 at 99p, while, continuing to reflect U.S. takeover rumours, **Wood Hall Trust** put on 5 to 157p, after 160p. The withdrawal of Mr Holmes A'Court as a large buyer of **Associated Communications A** following his acquisition of a 50.1 per cent holding left the shares 4 down at 57p but still 15 up on the week so far.

Motor Components were irregular. **Lucas**, annual results due next Monday, touched 185p *before reverting to the overnight* level of 181p. **Flight Refuelling** were wanted and rose 7 to 310p, but **Kwik-Fit** shed that much to 62p; the latter's interim results are expected *shortly.* Distributors were also mixed. **Lex Service** eased 3 to 90p, but **Jessups**, annual results due next Tuesday, firmed 4 to 28p.

Newspapers were featured by **International Thomson** which advanced 32 to 277p following the company's rationalisation *proposals;* the Preference closed 17 higher at 279p. Elsewhere, **Wace** shed 3 at 10p in reaction to the first-half deficit and omitted interim dividend.

A popular sector of late on cheaper money hopes, Properties again attracted a fair demand following Press comment. Secondary issues led the way with improvements of 10 being recorded in **Chesterfield**, 335p, **Imry**, 225p, **Warner Estates**, 295p, and **Warnford Investments**, 390p. Still reflecting the share issue to institutions, **City of Aberdeen Land** advanced 15 more for a rise *so far on this week of 75 to 500p.* **Hammerson A** appreciated 10 to 630p on the satisfactory interim figures and **Marlborough** hardened 2 to 44p for a similar reason. **City Offices** found support at 91p, up 5.

Oils improve

Oil shares took a decided turn for the better. **Shell** improved 8 to 392p and **BP** 6 to 314p in the leaders. Elsewhere, **Lasmo** revived with a gain of 18 to 498p, while further consideration of the third-quarter figures left **Tricentrol** 14 higher at 282p. Among the more speculative issues, **Flair Resources**, 170p, and **Palliser Resources**, *150p, gained* 10 apiece. Dealings resumed in **Energy Capital** at 62p compared with the suspension price of 60p; the company announced yesterday that discussions which may lead to an offer for the company are continuing.

Press suggestions of a Far Eastern bid prompted fresh early speculative activity in **P and O Deferred** which quickly moved ahead to 140p before settling at 137p for a two-day gain of 30. Demand spilt over into other Shipping shares, **Ocean Transport** rising 12 to 114p and **Reardon Smith A** 5 to 35p. Still reflecting the group's holding in **Exco International, British and Commonwealth** improved 10 further to 310p. **Hunting Gibson**, in contrast, weakened late to 98p, down 7, on the interim results.

Financials were again featured by support for money brokers, **Mercantile House** advancing 40 to 475p and **R. P. Martin** 20 to 345p. Among Trusts, **Wemyss** closed 10 higher at 345p following the annual figures.

Rumours of an imminent dawn raid prompted an active business in **Imperial** which closed 4 dearer at 64p. **Bats** rose 8 to 363p in sympathy, while **Rothmans** added 2 to 72p.

Bid rumours lift RTZ

Mining markets were featured by **Rio Tinto-Zinc**, which advanced to close 15 higher at 483p, after 487p, as heavy and persistent buying followed a revival of takeover speculation. There were also bid rumours in the case of **America's Amax** and *trading in the latter's shares* were suspended in U.S. markets; the U.S. company stated that it knew of no reason for the recent rise in the price of the shares.

Other mining issues made good progress despite the lacklustre performances *of precious and base-metal prices.*

South African Golds edged higher but trading remained inhibited by the narrow movements in the bullion price — finally $2 easier at $429.25 an ounce.

Gains in overnight Sydney and Melbourne markets encouraged sizeable London buying of Australians. **Bond Corporation**, which recently stated its intention to increase its holdings in the Ashton diamond venture and in the Copper Basin oil and gas producer Santos, moved up 8 to 154p.

North Kalgurli gained 4 to 82p, after equalling the 1981 high of 84p, following news that **Metals Exploration** is to make a partial bid of $A1.50 (around 90p) a share in order to increase its *holding in North Kalgurli to 35* per cent from the current level of just under 20 per cent, Metals Exploration ease 2 to 41p.

FINANCIAL TIMES STOCK INDICES

	Nov. 5	Nov. 4	Nov. 3	Nov. 2	Oct. 30	Oct. 29	A year ago
Government Secs	62.16	61.87	61.93	61.66	61.16	61.01	70.26
Fixed Interest	62.97	62.86	62.58	62.46	61.83	61.78	71.78
Industrial Ord.	504.3	494.5	492.3	478.9	468.5	467.7	478.8
Gold Mines	353.9	351.8	351.0	352.5	350.4	353.1	487.3
Ord. Div. Yield	5.90	6.01	6.03	6.20	6.33	6.35	7.60
Earnings, Yld. % (full)	10.06	10.24	10.28	10.57	10.80	10.83	17.15
P/E Ratio (net) (*)	12.75	12.53	12.48	12.14	11.89	11.85	7.11
Total bargains	15,863	17,035	16,751	15,905	13,054	13,415	20,103
Equity turnover £m.	—	141.89	143.05	94.88	63.83	68.50	151.92
Equity bargains	—	12,964	13,001	10,989	8,549	8,778	16,886

10 am 498.3. 11 am 501.3. Noon 502.8. 1 pm 502.4.
2 pm 502.8. 3 pm 503.0.

Latest Index 01-246 8026.

*Nil = 11.35.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/3)	60.17 (26/10)	127.4 (9/1/35)	49.18 (5/1/75)
Fixed Int.	72.01 (20/5)	61.61 (26/10)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	429.0 (14/9)	262.6 (29/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Nov. 4	Nov. 3
—Daily		
Gilt Edged Bargains	184.4	194.3
Equities Bargains	84.0	84.2
Value	286.8	289.1
5-day Avrge.		
Gilt-Edged Bargains	181.6	175.2
Equities Bargains	70.3	65.6
Value	207.0	183.5

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing price p	+ or −	Div.	Times covered
—	F.P.	—	850	775	✽Asprey	800		u3.0	3.3
§90	F.P.	—	104	101	✽Feedback 10p	103		b2.0	3.0
§110	F.P.	13/11	133	120	Habitat	127		u3.5	1.4
§101½	F.P.	—	16	14	✽Humberside El. 10p	14			
63	F.P.	2/12	74	69	✽Johnstones P'int 10p	76		b3.55	2.8
§67	F.P.	18/12	69	68	✽Sheldon Jones	69		u3.5	2.4
§62	F.P.	—	64	60	✽V.W.	64		bd5.84	2.3

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock
‡	F.P.	26/10	82p	81p	Asprey 9½% Cum. Prf.
**	F.P.	—	100½	97	Austin (F.) Leyton 11½% Pt.Cnv.Red 1994
100	£10	10/12	64	62	Brooke Bond Liebig 9½% Deb. '87-92
**	F.P.	—	13¼	12	E. Worcs Waterworks 10½% Rd. Prf. '86
§100	F.P.	—	99¾	98¼	Hawley Leisure 12½% Cum. Pref.
51p	F.P.	—	52p	52p	Inchcape 5½% Cum. Red. Prf. 1990/2
§100	F.P.	—	100¼	92	Nat'wide Bdg Society 16½% Bds 27/10/82
97.29	£25	—	25½	23½	Nova Scotia (Province of) 6½% Ln 2011
‖£1	Nil	13/11	1pm	½pm	Staffs. Potts. 10% Cnv. Cum. Prf.
—	—	—	5p	½p	Sterling Credit Warrants
100	£10	10/12	12	12	Tendering H'dred Water 10½% Rd. Prf. '86

"RIGHTS" OFFERS

Issue price p	Am'nt paid up	Latest Renunc. date ●	Latest Renunc. date ■	1981 High	1981 Low	Stock
14	F.P.	30/10	20/11	20	17	British Benzol
275	125p	13/7	2/12	182	104	BP
20	Nil	13/11	11/12	1pm	1pm	Brown & Jackson
182	F.P.	23/10	27/11	191	182	Foseco Minsep
90	F.P.	21/10	26/11	106	90½	Hoolamat
50cts	Nil	—	—	112pm	110pm	T N T
250	F.P.	23/10	19/11	320	250	Viner's Units†
20	Nil	13/11	15/12	21pm	13pm	Websters

Renunciation date usually last day for dealing free of stamp duty. ‡ Figures based on prospectus estimate. g Assumed dividend and yield. ‡ Assumed dividend and yield after scrip issue. m Interim since increased or resumed. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1981. Q Gross. † Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special rule. ✽ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Comprising 50 Ordinary of 1p and £1 of 10 per cent Loan.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence
British Aerospace	196	+11	P & O Deferred	13[illegible]
Burton	119	+10	RTZ	48[illegible]
Imperial Group	64	+ 4	Smith (W. H.) "A"	17[illegible]
International Thomson	277	+32	Tecalemit	4[illegible]
Kwik-Fit	62	− 7	Unilever	62[illegible]
North Kalgurli	82	+ 4	Westland	10[illegible]

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Wednesday's closing price pence	Day's change	Stock	No. of price changes	Wednesday's closing price pence
Trident TV 'A'	18	59	+ 7	ICI	12	27[illegible]
GEC	14	715	+ 3	BAT Inds.	11	35[illegible]
Plessey	13	322	+ 7	BP	11	30[illegible]
Polly Peck	13	370	− 5	Metal Box	11	14[illegible]
RTZ	13	468	− 7	Barclays Bank	10	42[illegible]
Tricentrol	13	268	− 2	NatWest Bank	10	38[illegible]
Brit. Home Sts.	12	128	+10	Royal Insce.	10	38[illegible]

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Nov 2	Nov 13	Feb 11	Feb 22
Nov 16	Nov 27	Feb 25	Mar 8
Nov 30	Dec 11	Mar 11	Mar 22

For rate indications see end of Share Information Service

Stocks favoured for the call included **British Home Stores, Steaua Romana, Premier Oil, P & O Deferred,** I[illegible] **Bank of Scotland,** [illegible] **Group, U.S. Steel,** [illegible] **Kemsley and Millbou**[illegible] **lemit, Trident TV** and [illegible] per cent loan. Puts w[illegible] in **Plessey** and **IC**[illegible] doubles were struck [illegible] **Bank of Scotland, K**[illegible] **national, RTZ, BP, C**[illegible] and **FNFC 9½** per cen[illegible]

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, November 4, 1981. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	50.08
Albania	Lek	5.3838
Algeria	Dinar	4.1875
Andorra	Fr. Franc	5.5655
	Sp. Peseta	94.79
Angola	Kwanza	27.627
Antigua	E. Caribbean $	2.7025
Argentina	Peso (C) (4)	6267.00
	Peso (F) (5)	8925.00
Australia	Dollar	0.875
Austria	Schilling	15.53
Azores	Port. Escudo	64.05
Bahamas	Dollar	1.00
Bahrain	Dinar	0.3769
Balearic Is.	Sp. Peseta	94.79
Bangladesh	Taka	17.75
Barbados	Dollar	2.01
Belgium	Franc (C)	32.07
	Franc (F)	41.25
Belize	Dollar	2.00
Benin	C.F.A. Franc	278.275
Bermuda	Dollar	1.00
Bhutan	Ind. Rupee	9.095
Bolivia	Peso	24.75
Botswana	Pula	0.8822
Brazil	Cruzeiro	114.54
Brunei	Dollar	2.083
Bulgaria	Lev	0.933
Burma	Kyat	6.4515
Burundi	Franc	90.00
Cameroun Rp.	C.F.A. Franc	278.275
Canada	Dollar	1.199
Canary Is.	Sp. Peseta	94.79
Cape Verde	Escudo	36.51
Cayman Is.	Dollar	0.835
Cen. Af. Rep.	C.F.A. Franc	278.275
Chad	C.F.A. Franc	278.275
Chile	Peso (O)	39.00
China	Renminbi Yuan	1.7458
Colombia	Peso (O)	57.27
Comoros	C.F.A. Franc	278.275
Congo P'ple.Rep.of	C.F.A. Franc	278.275
Costa Rica	Colon (O)	8.60
	Colon	20.03
Cuba	Peso	0.7318
Cyprus	Pound*	230.84
Czechoslovakia	Koruna (O)	5.80
Denmark	Krone	7.1253
Djibouti Rp. of	Franc	178.50
Dominica	E. Caribbean $	2.7025
Domin. Rep.	Peso	1.00
Ecuador	Sucre	28.425
Egypt	Pound* (O)	1.4493
	Pound* (3)	1.221
El Salvador	Colon	2.50
Eq'tl Guinea	Ekuele	189.58
Ethiopia	Birr (O)	2.0416
Faeroe Is.	Dan. Krone	7.1253
Falkland Is.	Pound*	1.876
Fiji	Dollar	0.883
Finland	Markka	4.356
France	Franc	5.5655
Fr. C'ty in Af.	C.F.A. Franc	278.275
Fr. Guiana	Franc	5.5655
Fr. Pac. Is.	C.F.P. Franc	95.9488
Gabon	C.F.A. Franc	278.275
Gambia	Dalasi	2.1322
Germany (E)	Ostmark (O)	2.2132
Germany (W)	Mark	2.2132
Ghana	Cedi	2.75
Gibraltar	Pound*	1.876
Greece	Drachma	55.85
Greenland	Dan. Krone	7.1253
Grenada	E. Caribbean $	2.7025
Guadaloupe	Franc	5.5655
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	37.8249
Guinea Rep.	Syli	21.2209
Guyana	Dollar	2.8937
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	Dollar	5.755
Hungary	Forint	35.00
Iceland	Krona	7.173
India	Rupee	9.095
Indonesia	Rupiah	630.00
Iran	Rial (O)	80.95
Iraq	Dinar	0.2999
Irish Rep	Punt*	1.5975
Israel	Shekel	14.11
Italy	Lira	1178.00
Ivory Coast	C.F.A. Franc	278.275
Jamaica	Dollar	1.7834
Japan	Yen	227.80
Jordan	Dinar	0.3315
Kampuchea	Riel	n.a.
Kenya	Shilling	10.2653
Kiribati	Aust. Dollar	0.875
Korea (Nth)	Won	0.94
Korea (Sth)	Won	688.00
Kuwait	Dinar	0.2828
Lao P'pls D. Rep	Kip	10.00
Lebanon	Pound	4.59
Lesotho	Loti	0.9574
Liberia	Dollar	1.00
Libya	Dinar	0.2961
Liechtenst'n	Sw. Franc	1.787
Luxembourg	Lux Franc	37.07
Macao	Pataca	5.9823
Madagascar D. R.	Franc	278.275
Madeira	Port. Escudo	64.05
Malawi	Kwacha	0.9106
Malaysia	Ringgit	2.28
Maldive Is.	Rupee	3.93
Mali Rp.	Franc	556.55
Malta	Pound*	2.5699
Martinique	Franc	5.5655
Mauritania	Ouguiya	55.695
Mauritius	Rupee	10.7457
Mexico	Peso	25.55
Miquelon	Fr. Franc	5.5655
Monaco	Fr. Franc	5.5655
Mongolia	Tugrik (O)	3.3555
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	5.4025
Mozambique	Metica	29.4243
Namibia	S.A. Rand	0.9574
Nauru Is.	Aust. Dollar	0.875
Nepal	Rupee	13.20
Netherlands	Guilder	2.4355
Neth. Ant'les	Guilder	1.80
New Zealand	Dollar	1.2096
Nicaragua	Cordoba	10.00
Niger Rp.	C.F.A. Franc	278.275
Nigeria	Naira (O)	0.6461
Norway	Krone	5.851
Oman, Sultanate of	Rial	0.3456
Pakistan	Rupee	9.84
Panama	Balboa	1.00
Papua N.G.	Kina	0.6812
Paraguay	Guarani	126.00
Peru	Sol	471.79
Philippines	Peso	8.07
Pitcairn Is.	N.Z. Dollar	1.2096
Poland	Zloty (O)	31.00
Portugal	Escudo	64.05
Port Timor	Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.6397
Reunion Ile de la	Fr. Franc	5.5655
Romania	Leu (O)	4.47
Rwanda	Franc	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Pound*	1.876
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr Franc	5.5655
St. Vincent	E. Caribbean $	2.7025
Samoa (Western)	Tala	1.0668
Samoa (Am.)	U.S. $	1.00
San Marino	It. Lira	1178.00
Sao Tome & Principe DR	Dobra	38.8894
Saudi Arabia	Riyal	3.417
Senegal	C.F.A. Franc	278.275
Seychelles	Rupee	7.1521
Sierra Leone	Leone	1.1751
Singapore	Dollar	2.083
Solomon Is.	Dollar	0.8916
Somali Rep.	Shilling (6)	6.35
	Shilling (7)	12.46
South Africa	Rand	0.9574
Spain	Peseta	94.79
Span. Ports in N. Africa	Sp. Peseta	94.79
Sri Lanka	Rupee	20.95
Sudan Rep.	Pound* (2)	2.00
Sudan Rep.	Pound* (1)	1.25
Surinam	Guilder	1.785
Swaziland	Lilangeni	0.9574
Sweden	Krona	5.4855
Switzerland	Franc	1.787
Syria	Pound	3.9262
Taiwan	Dollar (O)	37.91
Tanzania	Shilling	8.129
Thailand	Baht	23.00
Togo Rep.	C.F.A. Franc	278.275
Tonga Is.	Pa'anga	0.875
Trinidad & Tobago	Dollar	2.4063
Tunisia	Dinar	0.5101
Turkey	Lira	127.36
Turks & Caicos	U.S. $	1.00
Tuvalu	Aust. Dollar	0.875
Uganda	Shilling	78.00
Utd. A'b. Emir.	Dirham	3.673
Utd. Kingdom	Pound Sterling*	1.876
Upper Volta	C.F.A. Franc	278.275
Uruguay	Peso	11.31
U.S.S.R.	Rouble	0.766
Vanuatu	Vatu	89.9475
Vanuatu	Aust. Dollar	0.875
Vatican	It. Lira	1178.00
Venezuela	Bolivar	4.29
Vietnam	Dong (O)	2.18
Virgin Is. Br.	U.S. $	1.00
Virgin Is. U.S.	U.S. $	1.00
Yemen	Rial	4.57
Yemen PDR	Dinar	0.3415
Yugoslavia	Dinar	38.333
Zaire Rp.	Zaire	5.4581
Zambia	Kwacha	0.8805
Zimbabwe	Dollar	0.7194

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports.
(3) Egypt—Floating rate fixed daily by Central Bank of Egypt for importers, Exporters, Tourists.
(4) Argentina: June 22 Two Tier Policy Adopted. Commercial: Fixed by Central Bank of Imports and Exports.
(5) Argentina: Financial allowed a clean float. (6) Somali: Parallel exchange rates introduced July 1—for essential imports.
(7) Somali: Exports and Non-Essential Imports and Transfers. (8) Mauritius—devalued 20 per cent as of 28/9/81.

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (14)

BRITISH FUNDS (1)
Treasury 9¼pc 1983
AMERICANS (1)
C.P.C.
BUILDINGS (1)
Galliford Brindley
ELECTRICALS (1)
Amstrad
ENGINEERING (1)
Austin (James)
FOODS (1)
Hinton (A.)
INDUSTRIALS (1)
Petrocon
INSURANCE (1)
Ins. Corp. of Ireland
LEISURE (4)
LWT "A" Saga Holidays
Old Swan (Harrogate) Trident TV "A"
PROPERTY (1)
C.A.L.A.
TRUSTS (1)
Martin (R. P.)

NEW LOWS (15)

BRITISH FUNDS (1)
Exchequer 12pc '13-17
COMMONWEALTH AND AFRICAN LOANS (1)
Zimbabwe Ann. (£100 pd.)
AMERICANS (2)
Kaiser Aluminium Lowes
BANKS (1)
Cred. France
BUILDINGS (1)
Modern Engineers
STORES (1)
Pawson (W. L.)
ELECTRICALS (2)
Derritron Phicom
INDUSTRIALS (1)
Huntleigh
MOTORS (1)
Kwik Fit
PROPERTIES (1)
Lon. Shop Prop 9pcCv. '94-99
OIL AND GAS (1)
New Court Nat.
MINES (2)
Cons. Gold Areas Kalbara

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	78	—	13
Corpns. Dom. & Foreign Bonds	19	2	51
Industrials	373	115	869
Financial & Props.	218	29	261
Oils	38	15	50
Plantations	2	1	20
Mines	50	17	100
Others	63	31	46
Totals	841	210	1,410

Colliery to close because of geological fault

The National Coal Board plans to close Coegnant colliery, *Maesteg, Mid-Glamorgan,* because of serious geological problems underground. The 392 miners who work there will be offered jobs at other collieries in the field.

Coegnant, opened 100 years ago, has been uneconomic for some time and coal production has fallen to only 1,400 tonnes a week.

The South Wales executive of the National Union of Mineworkers will discuss the closure early next week

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs., Nov. 5, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed. Nov. 4 Index No.	Tues. Nov. 3 Index No.	Mon. Nov. 2 Index No.	Fri Oct 30 Index No.
1	CAPITAL GOODS (210)	329.13	+1.0	10.64	4.79	11.63	325.91	323.31	316.83	310.[illegible]
2	Building Materials (25)	281.87	+1.0	15.83	6.07	7.21	278.97	274.94	270.13	266.[illegible]
3	Contracting, Construction (28)	499.46	—	18.91	5.52	6.18	499.61	495.80	487.69	480.[illegible]
4	Electricals (30)	1119.66	+1.2	8.15	2.56	15.32	1106.13	1095.33	1074.89	1049.[illegible]
5	Engineering Contractors (9)	471.87	+0.8	13.73	5.83	8.59	467.95	462.75	451.77	439.[illegible]
6	Mechanical Engineering (66)	185.03	+1.5	11.94	5.93	10.88	182.21	181.36	177.26	174.[illegible]
8	Metals and Metal Forming (13)	156.55	+0.6	9.09	7.56	14.95	155.60	154.78	150.68	146.[illegible]
9	Motors (21)	84.94	−1.1	—	7.99	—	85.87	87.00	84.45	83.[illegible]
10	Other Industrial Materials (18)	342.66	+0.7	9.63	6.60	12.64	340.44	338.84	331.85	323.[illegible]
21	CONSUMER GROUP (198)	264.81	+1.4	13.29	6.16	9.28	261.02	258.29	251.45	245.[illegible]
22	Brewers and Distillers (20)	269.48	+1.5	16.65	7.18	7.24	265.58	264.20	253.79	248.[illegible]
25	Food Manufacturing (21)	263.80	+0.5	15.17	6.39	7.95	262.47	259.52	250.51	244.[illegible]
26	Food Retailing (15)	547.05	+0.7	8.96	3.48	13.52	543.22	530.34	520.14	508.[illegible]
27	Health and Household Products (7)	344.22	+1.4	8.61	4.45	13.79	339.62	339.45	327.16	319.[illegible]
29	Leisure (24)	411.35	+0.6	9.90	5.35	12.53	408.99	405.93	397.89	383.[illegible]
32	Newspapers, Publishing (12)	447.63	+1.3	13.77	6.73	10.52	441.91	440.28	434.57	434.[illegible]
33	Packaging and Paper (13)	125.93	+1.9	16.38	8.45	7.28	123.63	123.01	119.56	118.[illegible]
34	Stores (46)	235.14	+2.2	12.24	5.71	10.96	230.05	226.46	221.09	216.[illegible]
35	Textiles (23)	142.83	+1.0	9.25	6.44	14.81	141.42	140.12	138.99	137.[illegible]
36	Tobaccos (3)	256.63	+3.3	22.16	10.14	5.20	248.37	245.69	245.79	240.[illegible]
39	Other Consumer (14)	253.27	+0.9	8.67	6.85	17.91	250.95	249.82	246.58	246.[illegible]
41	OTHER GROUPS (79)	219.36	+2.0	11.18	6.44	11.46	215.14	213.64	209.31	205.[illegible]
42	Chemicals (16)	286.61	+1.5	5.56	6.26	30.18	282.48	282.91	277.31	272.[illegible]
44	Office Equipment (4)	102.50	+2.8	17.84	8.59	6.70	99.67	96.88	95.22	92.[illegible]
45	Shipping and Transport (13)	516.63	+6.5	20.52	7.10	5.80	485.01	471.45	461.65	454.[illegible]
46	Miscellaneous (46)	277.44	+0.8	13.24	5.98	9.15	275.22	273.62	267.81	264.[illegible]
49	INDUSTRIAL GROUP (487)	280.55	+1.3	12.03	5.68	10.31	276.84	274.32	267.94	262.[illegible]
51	Oils (13)	736.68	+2.0	19.33	7.66	5.86	722.19	732.99	725.84	718.[illegible]
59	500 SHARE INDEX	317.51	+1.5	13.39	6.05	9.03	312.93	311.48	305.83	299.[illegible]
61	FINANCIAL GROUP (119)	252.87	+1.5	—	6.01	—	249.21	246.08	241.64	237.[illegible]
62	Banks (6)	270.16	+3.5	33.05	6.97	3.56	261.10	259.33	254.76	251.[illegible]
63	Discount Houses (10)	237.34	—	—	9.45	—	237.34	237.38	235.88	232.[illegible]
64	Hire Purchase (3)	225.21	—	13.81	8.21	10.02	225.21	225.53	220.92	208.[illegible]
65	Insurance (Life) (9)	251.47	+1.3	—	6.36	—	248.20	245.93	238.72	236.[illegible]
66	Insurance (Composite) (10)	167.78	+0.3	—	7.98	—	167.21	164.38	160.90	158.[illegible]
67	Insurance Brokers (8)	418.74	+0.7	11.03	5.76	12.33	415.94	414.39	405.77	405.[illegible]
68	Merchant Banks (13)	146.97	+0.5	—	5.48	—	146.22	145.63	144.50	141.[illegible]
69	Property (50)	445.22	+1.0	4.39	3.21	30.74	441.82	432.97	426.50	415.[illegible]
70	Miscellaneous (10)	172.93	+2.0	18.58	6.35	6.55	169.59	166.22	165.83	162.[illegible]
71	Investment Trusts (110)	285.52	+0.8	—	5.61	—	283.23	282.02	277.46	271.[illegible]
81	Mining Finance (4)	245.86	+2.1	14.01	5.76	8.59	240.80	244.11	240.94	238.[illegible]
91	Overseas Traders (17)	397.97	+0.6	13.21	8.00	9.25	395.69	390.77	388.61	390.[illegible]
99	ALL-SHARE INDEX (750)	303.65	+1.4	—	6.04	—	299.39	297.67	291.87	286.[illegible]

FIXED INTEREST

	PRICE INDICES	Thurs. Nov. 5	Day's change %	Wed. Nov. 4	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	104.94	+0.25	105.23	0.56	9.65
2	5-15 years	99.97	+0.45	99.53	—	11.03
3	Over 15 years	100.40	+0.50	100.19	0.28	12.60
4	Irredeemables	106.37	+0.69	105.64	—	13.50
5	All Stocks	101.43	+0.40	101.29	0.27	11.03
6	Debentures & Loans	77.75	+0.21	77.58	—	9.62
7	Preference	59.03	+0.04	59.01	—	6.30

	AVERAGE GROSS REDEMPTION YIELDS		Thurs. Nov. 5	Wed. Nov. 4
	British Government			
1	Low Coupons	5 years	13.50	13.5[illegible]
2		15 years	14.86	14.[illegible]
3		25 years	14.07	14.[illegible]
4	Medium Coupons	5 years	15.79	15.[illegible]
5		15 years	15.88	15.[illegible]
6		25 years	15.30	15.[illegible]
7	High Coupons	5 years	15.64	15.[illegible]
8		15 years	16.00	16.[illegible]
9		25 years	15.61	15.[illegible]
10	Irredeemables †		13.73	13.[illegible]
11	Debs & Loans	5 years	16.79	16.[illegible]
12		15 years	16.73	16.[illegible]
13		25 years	16.69	16.[illegible]
14	Preference †		16.74	16.[illegible]

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, b[illegible]

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

L. & C. Unit Trust Management Ltd.,
TL & C Unit Trust Management 88 2800

L&C Inc. Fund	154.4	159.2	...	9.42
L&C Intl & Gen Fd	133.3	137.5	...	1.61

Legal & General (Unit Tst., Mngrs.) Ltd.
5 Rayleigh Rd., Brentwood 0277 217238

Equity Dis.	90.9	98.3	+0.5	4.58
Equity Acc.	127.5	137.8	+0.7	4.58
Gilt	104.0	109.5	....	8.77

Leonine Administration Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114.

Leo Distribution	129.3	137.1	−2.2	0.42
Leo Accum.	153.6	162.9	−2.1	0.42

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)
Registrar's Dept., Goring-by-Sea, Worthing, West Sussex. 01-623 1288

Balanced	71.0	76.3	+0.7	4.94
Do. (Accum.)	111.3	115.6	+0.9	4.94
Energy Int.	46.5	50.0	....	1.99
Do. (Accum.)	47.3	50.8	....	1.99
Extra Income	59.7	64.1	+0.2	9.57
Do. (Accum.)	81.9	88.0	+0.3	9.57
Income	90.9	97.7	+0.5	7.56
Do. (Accum.)	149.8	161.0	+0.9	7.56
Int. Technology	81.2	87.3	+0.2	0.53
Do. (Accum.)	82.3	88.4	+0.2	0.53
N. American & Gen.	53.2	57.1	....	1.19
Do. (Accum.)	54.2	58.2	....	1.19
Pacific Basin	—	50.0	....	1.00
Do. (Accum)	—	50.0	....	1.00
Small Cos. & Recy.	54.2	58.2	+0.3	2.92
Do. (Accum.)	56.8	61.0	+0.3	2.92
Worldwide Gwth.	86.9	93.4	+0.2	2.21
Do. (Accum.)	116.0	124.7	+0.2	2.21
Exempt Nov 3	104.9	110.4	....	8.26

φUnauthorised. For tax exempt funds only.

Lloyd's Life Unit Tst. Mngrs. Ltd.

Royal Tst. Can. Fd. Mgrs. Ltd.
46-50, Cannon St., London EC4M 6LD 01-236 6044

Capital Fund	88.3	94.9	....	4.44
Income Fund	61.2	65.8	....	11.39

Prices on Oct. 30. Next dealing day Nov. 13.

For Saturn Fund Mngt. see SIMCO

Save & Prosper Group
4, Great St. Helens, London EC3P 3EP
68-73 Queen St., Edinburgh EH2 4NX
Dealings to: 01-554 8899 or 031-226 7351

International Funds				
Capital	47.6	51.1	+0.3	2.67
I.T.U.	33.5	36.0	....	4.42
Select International	352.2	378.7	+2.7	1.74
Univ. Growth	88.6	95.2	+0.6	0.74
Increasing Income Funds				
High-Yield	52.7	56.6	+0.3	8.78
Select Income	55.7	59.8	+0.4	7.09
High Income Funds				
Gilt & Fxd. Int. Inc.	44.1	46.5	+0.1	13.43
High Return	61.3	65.9	+0.6	8.99
Income	39.8	42.7	+0.2	10.85
U.K. Funds				
Gilt & Fxd. Int. Grth.	49.4	49.9	+0.1	5.21
UK Equity	58.3	62.9	+0.4	4.45
Overseas Funds (z)				
Europe	81.1	87.2	+0.5	1.39
Japan	125.0	134.4	+0.7	0.10
S.E. Asia	80.1	86.1	+1.5	0.73
U.S.	123.9	133.2	+0.1	0.71
Sector Funds				
Commodity	134.4	144.5	+0.7	3.20
Energy	143.8	154.6	+0.5	1.24
Exploration Fund (z)	39.8	42.7	+0.3	0.24
Financial Secs.	102.6	110.3	+1.1	2.50
New Technology (z)	47.2	50.7	+0.2	0.25

Fixed-Interest Fund (z)

Albany Life Assurance Co. Ltd.
31, Old Burlington St., W.1.

AMEV Life Assurance Ltd.
2-6, Prince of Wales Rd., B'mouth.

Barclays Life Assur. Co. Ltd.
252 Romford Rd., E7

INSURANCE PROPERTY BONDS

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

INSURANCE

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

Indian and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

Tins

Copper

Miscellaneous

1981 High	1981 Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
330	85	Colby Res. Corp.	150	.....	—	—	—
330	200	Cons. Murch. 10c.	280	.....	tQ30c	1.8	6.1
10	6	††Explaura Gold	7	–1	—	—	—
98	47	††Hemerdon 10c.	57	.....	—	—	—
180	65	Highwood Res.	85	+5	—	—	—
505	260	Northgate C$1	320	–10	—	—	—
633	372	R.T.Z.	453	+15	26.0	2.3	4.8
£130½	£93½	Do.9½%Cv.Ln.'75-2000	£108	+1	Q9½%	—	f9.7
103	13	††SPO Minerals 10p	26	.....	—	—	—
47	20	Sabina Inds. C$1	23	+1	—	—	—
44	21	¥Southwest C. 10p	27	.....	—	—	—
585	465	Tara Exptn. $1	560	.....	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ¥ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ☆☆ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or –
Albany Inv. 20p	41	.....
Bertrams	10	.....
Bdg'wtr. Est. 50p	400	.....
Craig & Rose £1	£23	.....
Finlay Pkg. 5p	23	.....
Graig Ship. £1	£21	.....
Higsons Brew	63	.....
Holt (Jos) 25p	510	.....
I.O.M. Stm. £1	150xd	.....
Pearce (C. H.)	760	.....
Peel Hldgs.	120	.....
Sheff. Refrshmt	90	.....
Sindall (Wm.)	190	.....

IRISH

Stock	Price	+ or –
Conv. 9% '80/82	£92¾	.....
Nat. 9¾% 84/89	£68⅞	.....
Fin. 13% 97/02	£73½	.....
Alliance Gas	74½	–½
Arnott	222	.....
Carroll (P.J.)	79	–1
Concrete Prods.	90	.....
Heiton (Hldgs.)	23½	.....
Irish Ropes	58	–2
Jacob	63xd	.....
T.M.G.	29	+2
Unidare	55	–3

OPTIONS

3-month Call Rates

Industrials					
A. Brew	6½	House of Fraser	23	Utd. Drapery	6½
BOC Intl.	11	I.C.I.	18	Vickers	15
B.S.R.	7½	"Imps"	5	Woolworths	4½
Babcock	9	I.C.L.	5	**Property**	
Barclays Bank	36	Ladbroke	13	Brit. Land	7
Beecham	27	Legal & Gen.	20	Cap. Counties	10
Blue Circle	38	Lex Service	4	Land Secs.	30
Boots	18	Lloyds Bank	28	MEPC	20
Bowaters	19	"Lots"	3½	Peachey	15
Brit. Aerospace	17	London Brick	6½	Samuel Props.	13
B.A.T.	28	Lucas Inds.	28	Town & City	2¾
Brown (J.)	8	"Mams"	11	**Oils**	
Burton Ord.	12	Mrks. & Spncr	10	Brit. Petroleum	28
Cadburys	8	Midland Bank	26	Burmah Oil	11
Courtaulds	5½	N.E.I.	7	Charterhall	6
Debenhams	7	Nat. West. Bank	30	KCA	12
Distillers	16	P & O Dfd.	9	Premier	7
Dunlop	6½	Plessey	26	Shell	28
Eagle Star	25	Racal Elect.	34	Tricentrol	25
F.N.F.C.	4	R.H.M.	5	Ultramar	40
Gen. Accident	30	Rank Org. Ord	14	**Mines**	
Gen. Electric	55	Reed Intnl.	23	Charter Cons.	21
Glaxo	32	Sears	5	Cons. Gold	40
Grand Met.	15	Tesco	5	Lonrho	7
G.U.S. 'A'	36	Thorn EMI	30	Rio T. Zinc	45
Guardian	30	Trust Houses	11		
G.K.N.	12	Tube Invest.	12		
Hawker Sidd	25	Turner & Newall	7½		
		Unilever	50		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 40

FINANCIAL TIMES

Friday November 6 1981

Government set to reach target on PSBR

By Max Wilkinson, Economics Correspondent

THE public sector borrowed £2.2bn from July to September. After allowing for distortions, this appears to put the Government's borrowing for the whole financial year broadly on target.

However, there are strong indications that government spending is running at around £2bn to £3bn above its planned level in the current year, mainly because of extra expenses resulting from the recession.

The borrowing requirement figures released yesterday suggest that this increased spending is being roughly matched by higher than expected revenues.

The extra income tax stems from three main causes: consumer spending has been more buoyant than expected, company profits have been rather better than forecast and the takings from income tax are also up, partly because of the effect of inflation.

Yesterday's figures show that the seasonally adjusted public sector borowing requirement for the first half of the financial year was about £9.5bn compared with a target for the whole year of £10.6bn.

However, it is estimated that about £4.5 to £5bn of the borrowing requirement in the first half was due to the effect of the civil service strike which delayed tax receipts.

In July to September, the Government gave priority to refunding value-added tax to businesses against collection of arrears of tax.

Indications are that the collection of arrears is proceeding rather better than expected and most of the tax is expected to be in by the end of the year. As a result analysts are reasonably confident that the PSBR for the full year will be within a relatively small distance of the target—perhaps £750m to £1.5bn compared with an overrun of £4.75bn last year.

The PSBR takes in the transactions of central and local government plus the public corporations.

—PUBLIC SECTOR BORROWING

		£bn
1978-79		9.23
1979-80		9.91
1980-81		13.18
1980	1st	0.35
	2nd	3.77
	3rd	4.16
	4th	3.88
1981	1st	1.36
	2nd	6.35
	3rd	3.14

Source: Central Statistical Office

Heseltine to pave way for £90m South Bank scheme

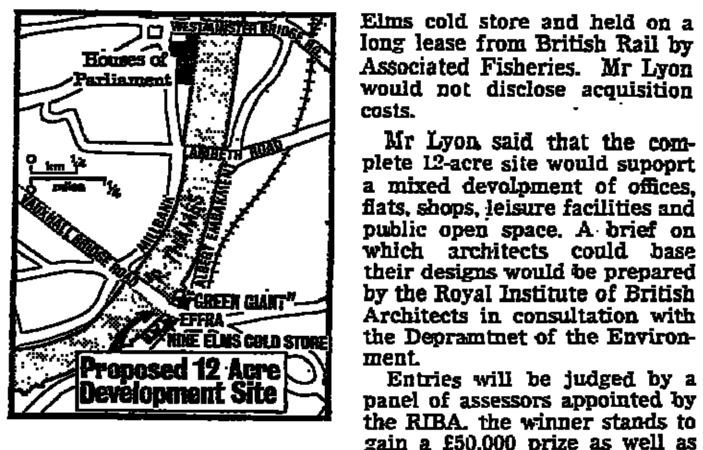
BY MICHAEL CASSELL

THE GOVERNMENT is to pave the way for a £90m Arab-financed proposal to redevelop 12 acres of London's South Bank on either side of Vauxhall Bridge. The investment value of the completed scheme is likely to be more than £200m.

Arunbridge, the project management company headed by Mr Ronald Lyon, whose private property empire collapsed in 1974 with debts of more than £50m, disclosed yesterday that it has assembled the land on behalf of a Middle East consortium controlled by the Kuwaitis.

The land package includes the controversial 3½-acre Green Giant site on which European Ferries, the owners, have been attempting to win planning permission for a variety of development schemes. Plans were rejected after a 1979 planning inquiry and fresh proposals were later turned down by Lambeth Council. A third set of plans were lodged only last month.

The Arunbridge announcement was accompanied by a statement from Mr Michael Heseltine, Environment Secretary, who said that there is to be an architectural competition for the design of the development. If an acceptable plan emerges, he will lay before Parliament a special development order, a rarely-used directive which short-circuits normal planning controls and which will allowt he Vauxhall scheme to go ahead.



Mr Lyon said last night he hoped work on the site could begin next autumn. He said Lambeth would be closely consulted on the proposals.

Arunbridge has put the land together on behalf of Effra, the Arab-owned company which early last year paid £5.8m for the six-acre so-called Effra site on the south-west corner of Vauxhall Bridge. Plans for a £75m office scheme went before a public inquiry earlier this year. The inspector's report has not yet been published.

Arunbridge, in addition to seeking and acquiring a six-month option on the freehold of the Green Giant site to the east of the Effra land, has also purchased the freehold on two and a half acres of land to the west, now occupied by the Nine Elms cold store and held on a long lease from British Rail by Associated Fisheries. Mr Lyon would not disclose acquisition costs.

Mr Lyon said that the complete 12-acre site would supoprt a mixed devolpment of offices, flats, shops, leisure facilities and public open space. A brief on which architects could base their designs would be prepared by the Royal Institute of British Architects in consultation with the Depramtnet of the Environment.

Entries will be judged by a panel of assessors appointed by the RIBA. the winner stands to gain a £50,000 prize as well as up to £750,000 in fees if the scheme goes ahead.

The competition is to be organised by Arunbridge. Mr Lyon emphasised that the final decision on whether any scheme was suitable would rest with the Department and with the developer, who would have to decide on the viability of any winning proposal.

He added: "We have put together this package in the last couple of months and we intend to maintain this rate of progress. We hope to have an approved scheme ready and waiting to go within the six-month limit imposed by the option we have taken out on the European Ferries' site."

Property column, Page 34; private housebuilding starts showrise, Page 8

Fear over Guinness Peat result

BY WILLIAM HALL, BANKING CORRESPONDENT

THE LOSSES in the Chicago commodity operations of the Guinness Peat Group have proved to be worse than expected and will have "a very severe effect" on the group's first half results, due early next year.

Guinness Peat had already announced that Lewis and Peat (Chicago), a physical commodity dealing operation, lost £4m in 1980-81.

This was a key factor in the sharp drop in the group's profits last year which led to the dividend being cut by two-fifths.

Mr Edmund Dell, chairman and chief executive, in a statement to the Guinness Peat annual general meeting yesterday, said: "The unwinding of this situation has proved to be more difficult than was anticipated, and is bound to have a very serious effect on our results for the first half of the year."

Mr Dell said commodity trading was "very dull" and "we cannot therefore expect that the division will make anything like its normal contribution" to group profits. Despite the Chicago losses, this side of the business contributed 30 per cent of group trading profits last year.

News of the deterioration in the Chicago business did not affect the shares which closed 2p higher at 93p.

Mr Dell said that aside from commodities the rest of the group was doing better than last year. "There should be a significant improvement in the performance of the group in the second half."

The meeting passed off quietly, with no evidence of the rumoured divergences of opinion among shareholders about the future direction of the group which had led Mr Dell to make a statement earlier in the week confirming he had the full support of the board.

Lord Kissin, the previous chairman and a major shareholder, sat among the directors at the meeting. Afterwards he said he had no dispute with Mr Dell.

● Mr David Ewart, who resigned as a director of the Guinness Peat Group and deputy chairman of Guinness Mahon, the acepting house, is to join Morgan Grenfell as an executive director in the corporate finance division.

P & O shares rise on bid rumours

BY ANDREW FISHER, SHIPPING CORRESPONDENT

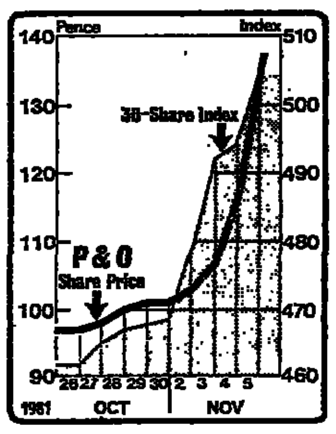
SHARES in Peninsular and Oriental Steam Navigation, Britain's biggest shipping company, rose sharply yesterday on rumours of possible bid approaches, although none was confirmed.

At the close of dealings shares were 21p higher at 137p, valuing the group at nearly £194m. This followed a 9p rise on Wednesday and marked one of the most intense speculative bouts concerning P & O for some time.

P & O whose profits slid steeply in the first half of this year, said it was as mystified as anyone else.

"I have just heard my eighth rumour and I really can't credit any of them," Mr Oliver Brooks, a managing director and the director responsible for finance, said last night. "We have had no approaches."

Much of the speculation centred around a possible bid from Hong Kong. Almost every shipping name of note there was mentioned in connection with P & O, which also has large construction, energy and property interests.



Mr Helmut Sohmen, the Austrian son-in-law of Sir Yue-Kong Pao, Hong Kong's major shipowner through World-Wide (Shipping), said he had no knowledge of any P & O share buying by the group. "It's just rumours as far as we're concerned."

In the market, firmest rumour seemed to revolve around an expected dawn raid on P & O shares, which failed to take place. "The rumours are very low quality—we're all in the dark," said one stockbroker.

Mr Brooks said talk that the Inchcape trading group would bid for P & O could be discounted. Lord Inchcape, P & O chairman, is also head of Inchcape. Yesterday he was on holiday in Scotland.

Under P & O's royal charter the group has to reject any share buying that would bring total foreign shareholdings above 25 per cent. At present, they are between 4 and 5 per cent.

Mr Brooks was not sure, however, of the charter's position on Hong Kong, a British Crown Colony.

Continued from Page 1

Prime rate

interest rates. Three month Eurodollar rates fell ⅛ per cent, going below 15 per cent for the first time in several months. Eurofranc rates were ⅝ of a percentage point lower and Euromark rates were $\frac{1}{16}$ down.

In the UK three month interbank rates fell ⅛ to 15$\frac{11}{16}$ and one year rates were $\frac{1}{16}$ of a per cent easier. The Bank of England continued to cover shortages in the money markets by supplying funds at between 15⅛ per cent and 15⅝ per cent.

The easier trend in European interest rates was reflected in buoyant bond markets.

In the foreign exchange markets the dollar recovered strongly in late trading in London. It put on 60 points against sterling, closing at $1.8720, and rose DM 2.2110 against the German currency, compared with DM 2.2110. Sterlings' trade weighted index as measured by the Bank of England, rose by 0.2 to 89.0.

Anglo-Irish Council likely to be set up

By Ian Davidson

A FORM of Anglo-Irish Council is likely to be established, following today's meeting in London between Mrs Margaret Thatcher and Dr Garret FitzGerald, the Irish Prime Minister.

The prospect of such a link has prompted the Rev Ian Paisley, leader of the Democratic Unionist Party, to seek talks with Mr James Molyneux, the Official Unionist leader, about uniting to defeat the move.

Whitehall has been pouring cold water on the idea of a council, partly to pre-empt Protestant objections.

But, barring any last-minute hitch, there will be agreement on an institutional political link between London and Dublin.

The main outstanding problem is its name. Britain is uneasy about the expression "Anglo-Irish Council."

The institution, as envisaged by Dr FitzGerald, would facilitate regular political contact between British and Irish Ministers, and could eventually include some form of participation by politicians from Northern Ireland.

Today's agreements will be the end-product of last December's Dublin meeting between Mrs Thatcher and Mr Charles Haughey, Dr FitzGerald's predecessor.

That meeting set up joint study groups at Civil Service level.

The content of their studies has remained secret, but they are understood to include border security, economic co-operation, and questions relating to citizenship in the Republic and in Northern Ireland.

Some differences remained yesterday as to which parts of these should be published.

One outcome of today's meeting will be a plan to sell more electricity generated in Northern Ireland to the Republic.

Brendan Keenan writes: The Irish are interested in supplying natural gas to Belfast and in restoring the cross-border electricity link bombed by the IRA. They would also like to see a cross-channel electricity connection to Great Britain.

The Republic will resist suggestions that terrorist suspects be extradited. Dr FitzGerald will suggest instead setting up an all-Ireland court with jurisdiction over both parts of the country.

Though no agreement may be possible in this area, it is understood Britain is prepared to look at other ways of making cross-border anti-terrorist legislation more effective.

Weather

UK TODAY

MOSTLY dry with sunshine, near normal temperatures.

England, Lake District, Isle of Man, Wales, Channel Islands, N. Ireland
Dry with periods of sunshine. Max 11C (52F).

Borders, S. Scotland, Central Highlands, Orkney, Shetland
Dry, early fog, sunny periods later. Max 9C (48F).

N. Scotland
Sunny intervals, becoming cloudier with possible rain. Max 10C (50F).

Outlook: Dry with sunny intervals. Temperatures below normal with night frosts.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	19	66	Luxmbg.	F	7	45
Algiers	S	22	72	Luxor		—	—
Amsdm.	S	11	52	Madrid	S	17	63
Athens	S	18	64	Majorca	C	21	70
Bahrain	F	31	87	Malaga	C	20	68
Barclna.	S	18	64	Malta	F	21	70
Bairut		—	—	Mchstr.	S	7	45
Belfast	F	7	45	Melbne.		—	—
Belgrd.	S	16	61	Mx. C.†		—	—
Berlin	F	9	48	Miami†	R	25	77
Biarritz	Fg	10	50	Milan	C	10	50
Bmghm.	S	9	48	Montr'l†	F	0	32
Blackp'l	S	9	48	Moscow	C	0	32
Bordx.	Fg	10	50	Munich	R	9	48
Boulgn.	S	10	50	Nairobi		—	—
Bristol	S	10	50	Naples	C	17	63
Brussels	C	10	50	Nassau		—	—
Budpst.	C	12	54	Nwcstl.	S	10	50
Cairo	C	26	79	N York†	S	10	50
Cardiff	S	9	48	Nice	C	16	61
Casbca.	S	26	79	Nicosia	S	21	70
Cape T.		—	—	Oporto	S	23	73
Chicg.†	S	9	48	Oslo	F	10	50
Cologne	C	10	50	Paris	F	10	50
Cpnhgn.	C	8	46	Perth		—	—
Corfu	S	22	72	PraqueF		—	—
Denver†	S	2	36	Prague	F	9	48
Dublin	S	10	50	Rykjvk.	R	6	43
Dbrvnk.	S	19	66	Rhodes	S	18	64
Ednbgh.	S	10	50	Rio J'o†	C	34	93
Faro	S	21	70	Rome	C	15	59
Florence	C	13	55	Salzb'rg	C	11	52
Frankf't	F	10	50	S'cisco†	C	12	54
Funchal	F	22	72	S. M'ritz		—	—
Geneva	Fg	8	46	Singapr.	C	32	90
Gibrltr.	C	19	66	S'tiago†		—	—
Glasg'w	S	11	52	Stckhm.	S	5	41
G'rnsey	C	11	52	Strasb'g	C	9	48
Helsinki	C	5	41	Sydney	F	22	72
H. Kong	C	24	75	Tangier	S	23	73
Innsbr'k	F	13	55	Tel Aviv	F	22	72
Invrnss.	F	8	46	Tenerife	C	23	73
I.o.Man	S	11	52	Tokyo	C	16	61
Istanbul	S	13	55	Tor'nto†	F	3	37
Jersey	C	11	52	Tunis	S	22	72
Jo'burg	F	32	90	Valencia	F	19	66
L. Plms.	F	23	73	Venice	C	13	55
Lisbon	S	18	64	Vienna	R	10	50
Locarno	Fg	8	46	Warsaw	F	7	45
London	S	10	50	Zurich	C	8	46
L. Ang.†	C	14	57				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. † Noon GMT temperatures.

THE LEX COLUMN

A tale of two deficits

While the 30-year U.S. Treasury bond auction was in progress yesterday, there was an unconfirmed report that the Office of Management and Budget had raised its estimate for the fiscal 1982 budget deficit by 125 per cent to $98bn. Although the credit analysts long ago lost faith in the original forecast of $43bn, the new figure would be decidedly towards the bearish end of the spectrum.

The recent discount rate cut has created a lot of confidence in the bond market, and so long as private sector credit demand remains flat the financing of a high deficit may not prove too difficult. Still, it is perfectly possible that as growth and inflation estimates for the U.S. economy are reduced, market forecasts of the budget deficit will drift higher still.

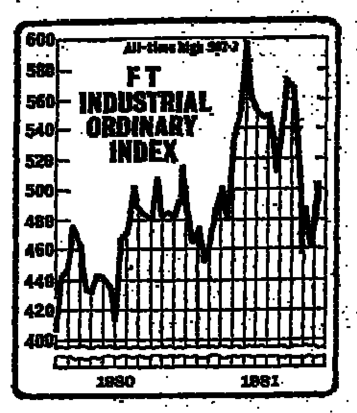
At least the U.S. experience, though decidedly uncomfortable for the gilt-edged market, puts concern about the British public sector borrowing requirement very firmly in its place. Yesterday's July-September PSBR figures, strike-distorted and seasonally adjusted, suggest that the £10½bn target for 1981-2 will be more or less hit. And if the developing overshoot in spending for 1982-3 which the Treasury has been so vocal about is matched by an overshoot in revenue (unpublicised, so as not to excite the spending ministers), there may not be too much to worry about for next year.

The equity market, meanwhile, is in an excitable state ahead of the quotation of Cable and Wireless this morning, at what looks like being a handsome premium to the issue price of 168p thanks to the last two weeks' market rally. The general jumpiness showed in the P & O share price, which raced up 21p to 137p on unusually persistent takeover rumours, Oriental rather than Peninsular. At last month's low of 94p, P & O was capitalised at a 72 per cent discount to book net worth. At any rate, there was plenty of scholarly discussion as to whether or not Hong Kong residents are British enough to be allowed to control P & O under the terms of the company's charter; the Bank of England is generally understood to be extremely well briefed on this point, though not entirely authoritative.

Courtaulds

Everyone knows about Courtaulds' liabilities—but it also has some very attractive assets.

Index rose 9.8 to 504.3



Its share in International Paint may be worth something approaching £100m—or a good bit more, on the basis of International's narrowly traded shares. And Courtaulds is now selling its half share in a Swazi pulp mill for a figure which could approach £25m in today's money, compared with an historic cost book value of £6¾m. This business is not integrated with any of the group's other activities, unlike its South African pulp mill which makes annual trading profits of perhaps £10m or more.

Of course Courtaulds' own market capitalisation of £147m recognises that the mainstream textile activities still face very difficult trading conditions. But this disposal will reinforce what is already a rather liquid balance-sheet. Deposits and cash amounted to £115m at the last count, and the bulk of its £311m gross borrowings was not repayable within the next five years. More generally, there has been a growing feeling in recent months that management is on top of the situation.

Argyll/Linfood

Argyll Foods' most withering attack in its latest circular to Linfood shareholders is reserved for the proposed disposal of Linfood's delivered wholesale division. And the reason is not far to seek. Benefits to Linfood's balance sheet and interest charge are secondary; the disposal is the first evidence that a new management broom is at work in the company. M and G, with a shade under 7 per cent of Linfood, may not be the only institution to be impressed.

Linfood has got a lot to live down, and not all of it in the distant past. Last year's dismal trading profits would even lower than £ £½m credit in settl claim had not bee Furthermore, correc tion losses of £ been put straig balance sheet, by p and l account the the previous year's gains passed. Nor cast increase in th unveiled in the Link document, altogeth ing purely as a r better prospects.

Argyll has anno the 170½p cash alte not be extended b Tuesday. But this put pressure on s may backfire, especi food's share price at 178p, down 2p The all-paper offe more, at 191½p, but group may be v geared. Argyll does be offering enough. I for manoeuvre is lit

Guinness Peat

Shareholders in Peat have been left the dark about devel the company s announcement two of a collapse in 1980 So yesterday's annu provided the ideal to shed light on the losses in Chicago, tl that Guinness Maho sale and the recen in the boardroom.

Most shareholders left the meeting whether it had justi fare. The chairman' indicated that th losses had spilled ov current year but, af tudinous reference t severe effect" this on interim profits, were volunteered. Th ended last month l experience is any g holders will be k until February f information.

The company is e significant improvem second half performa £760,000 in the seco last year and is not c whether it made mo six months to Octobe hardly cause for ge bration. The shares 93p yesterday. The ported by the enti bility that the grou dismembered or even whole—presumably t with more insight int Peat than the st themselves.

Glaxo forms joint venture in West Germany

BY RAY DAFTER

GLAXO HOLDINGS, the UK pharmaceuticals group, is to form a joint West German company with E. Merck, the privately-owned chemical and pharmaceutical concern of Darmstadt.

It is buying a 50 per cent stake in the Merck subsidiary Cascan. From January 1 the operation will trade in the name of Cascan-Glaxo.

The move is thought to be costing Glaxo tens of millions of D-Marks. It will increase its marketing opportunities in West Germany, Western Europe's biggest pharmaceutical market.

The company will market and promote products of each parent including, possibly, Glaxo's new anti-ulcer drug Zantac.

Glaxo said the company would operate and be managed separately from its wholly-owned subsidiary Glaxo Pharmaceutica in Hamburg and from E. Merck. It was possible the operations in Hamburg would be boosted by the increased sales volumes expected from the link with Merck.

Neither company would give details of the price Glaxo is paying. It is understood the profit benefits from the arrangement during the remainder of Glaxo's financial year roughly will match the London group's investment. Glaxo said it would fund the operation from present resources.

Last week it was announced that Glaxo is to build a $30m (£15.9m) factory in the U.S. to help penetration of the important American market where the group has had a direct presence for about three years.

Glaxo is sharpening its marketing efforts in the U.S., Europe and Japan. The group has a similar operation to the proposed Cascan-Glaxo company in Japan between Nippon Glaxo and Shin Nihon Jitsugyo.

Soviet foreign exchange holdings fall to $3.6bn

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THE SOVIET UNION drew a further $1.9bn (£1.01bn) on deposit with Western banks in the second quarter of this year, leaving it with foreign exchange holdings of $3.6bn, according to figures yesterday from the Bank for International Settlements.

The Soviet Union has drawn about $5bn since the end of 1980, when its Western bank deposits were $8.6bn, according to the Basle-based bank, a leading monitor of Eurocurrency market developments.

The drawings reflect aid to Poland and the growing Soviet trade deficit with the West, commercial bankers believe.

The Soviet Foreign Trade Ministry acknowledged in August that Western imports reached almost Roubles 10bn (£6.8bn) in January-June this year against Roubles 7.85bn in the same period last year, a rise of more than 25 per cent. Exports to the West, however, rose 7.4 per cent to Roubles 7.3bn.

A further reason for the decline in Western currency holdings could be sparse gold sales in the first half of this year, bankers believe.

They think the Soviet Union now has limited resources for assisting Comecon members in economic trouble.

Its new gross borrowings from Western banks rose to about $14.14bn in the second quarter, $220m more than in January-March, BIS said. Among other Eastern European countries, Poland reduced its borrowings from Western banks in the same period to $14.1bn from $14.7bn, while Romania's borrowings slipped to $5.1bn from $5.4bn.

Separately, BIS reported that Organisation of Petroleum Exporting Countries members contributed virtually no new money to the international banking system in the second quarter.

Europe and U.S. now supply the funds, Page 30

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